

## Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name CITY OF FRANKENMUTH	County SAGINAW
Fiscal Year End 06/30/07	Opinion Date 10/18/07	Date Audit Report Submitted to State 12/05/07	

We affirm that:

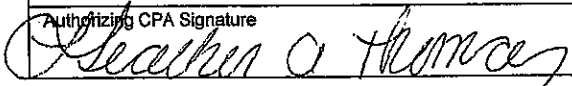
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☒ ☐ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	NO ISSUES TO REPORT THIS YEAR	
Other (Describe)	<input type="checkbox"/>	NOT REQUIRED	
Certified Public Accountant (Firm Name) GARDNER, PROVENZANO, SCHUAMAN, & THOMAS, P. C.		Telephone Number 989-790-3900	
Street Address 4855 STATE STREET SUITE SIX		City SAGINAW	State MI
		Zip 48603	
Authorizing CPA Signature 		Printed Name HEATHER A. THOMAS	License Number 1101024719

**CITY OF FRANKENMUTH  
FRANKENMUTH, MICHIGAN**

**FINANCIAL STATEMENTS  
JUNE 30, 2007**

CITY OF FRANKENMUTH  
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In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Frankenmuth, Michigan, at June 30, 2007, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles and with applicable rules and regulations of the State Treasurer.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board; the other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Frankenmuth, Michigan's basic financial statements. The required supplemental information and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gardner, Provenzano, Schaumann & Thomas, P.C.*

Certified Public Accountants

### **Overview of the Financial Statements**

The City of Frankenmuth, Michigan's (the "City") annual report consists of this analysis (management's discussion and analysis), government-wide financial statements, fund financial statements, notes to the financial statements, required supplemental information, and other supplemental information.

The City fully implemented the Governmental Accounting Standards Board's (GASB) Statement No. 34. As allowed by Gasb-34 for Phase Three governments, the City of Frankenmuth did not recognize infrastructure assets that were not already in the general fixed assets account groups retroactively. This accounting pronouncement, among other changes, adds government-wide financial statements which were designed to provide a broad overview of the City's finances. The government-wide statements are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just current financial resources as measured in the individual fund statements. These statements make a distinction between governmental activities for example public safety and public works and business-type activities such as the provision of water and sewerage service. Two government-wide statements are provided. These statements will show a comparison from the prior year's fiscal year data.

One government-wide statement, the statement of net assets, presents information on all of the City's assets and liabilities with the difference shown as net assets. Increases or decreases of net assets from period to period provide useful information on the direction of the City's financial position over time.

The other government-wide statement, the statement of activities, provides information on how the government-wide net assets changed during the fiscal year. This statement provides information on income, expenses, and other increases or decreases in net assets.

Following the government-wide statements, individual fund financial statements are provided for the City's major funds and compiled financial information is provided for non-major funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services for example public safety and public works and proprietary funds which account for business-type activities such as provision of water and sewer services.

Reconciliations between the individual fund statements and the government-wide financial statements are provided following the individual fund statements. The differences are primarily related to inclusion of capital assets and recognition of certain receivables and long-term liabilities in the government-wide statement of net assets, which are not included in the fund balance sheets, and related to the timing of reporting capital outlays and debt principal repayment in the fund statements and a difference in the timing of the recognition of certain revenues

CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Overview of the Financial Statements (cont.)**

and expenditures such as bond proceeds and accrued interest in the individual fund statements versus the government-wide statements.

**Financial Position and Results of Operation for the City as a Whole**

The City of Frankenmuth's Governmental Wide activities indicates an increase in net assets of \$571,184 for fiscal year 2006-07. This compares to an increase in net assets of \$165,845 for the prior fiscal year. This is the consolidated result of the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and Internal Service activity.

Net assets of the Business-type activities, (Water and Waste Treatment Funds) decreased by \$453,651 for fiscal year 2006-07. This compares to a decrease of \$146,261 for the prior fiscal year. Water rates were amended this fiscal year to reflect the adjustments made to the cost of the raw water from our supplier. Outside the purchase of the raw water, the largest single expenditure in both funds is depreciation expense of \$1,113,862. The Waste Treatment Fund did not receive a General Fund transfer to assist with debt service as a result of G. Heilmann bankruptcy in 1991. This transfer had been made in previous years.

In a condensed format, the tables below show the net assets and changes in net assets as of June 30, 2007 with comparable data for the prior fiscal year.

	Government Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current assets	\$ 5,078,240	\$ 5,088,084	\$ 2,249,624	\$ 1,706,210	\$ 7,327,864	\$ 6,794,294
Noncurrent assets	10,639,325	10,982,196	23,145,916	24,509,690	33,785,241	35,491,886
Total Assets	<u>\$ 15,717,565</u>	<u>\$ 16,070,280</u>	<u>\$ 25,395,540</u>	<u>\$ 26,215,900</u>	<u>\$ 41,113,105</u>	<u>\$ 42,286,180</u>
<b>Liabilities</b>						
Current liabilities	\$ 3,181,856	\$ 3,330,212	\$ 2,000,874	\$ 1,649,983	\$ 5,182,730	\$ 4,980,195
Long-term liabilities	8,701,856	9,477,399	7,365,471	8,083,071	16,067,327	17,560,470
Total Liabilities	<u>11,883,712</u>	<u>12,807,611</u>	<u>9,366,345</u>	<u>9,733,054</u>	<u>21,250,057</u>	<u>22,540,665</u>
<b>Net Assets</b>						
Investment in capital assets-						
net of related debt	1,150,632	754,435	6,148,507	5,886,128	7,299,139	6,640,563
Restricted for debt service	100,579	94,044	-	-	100,579	94,044
Unrestricted	2,582,642	2,414,190	9,880,688	10,596,718	12,463,330	13,010,908
Total Net assets	<u>\$ 3,833,853</u>	<u>\$ 3,262,669</u>	<u>\$ 16,029,195</u>	<u>\$ 16,482,846</u>	<u>\$ 19,863,048</u>	<u>\$ 19,745,515</u>

The above table presents the net assets as of June 30, 2007 and 2006. The change in net assets for the 2006-2007 and 2005-2006 years is presented and discussed below in Table 2.

CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Financial Position and Results of Operation for the City as a Whole (cont.)**

	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenue						
Program revenue						
Charges for services	\$ 1,294,290	\$ 1,399,671	\$ 2,172,708	\$ 2,174,804	\$ 3,466,998	\$ 3,574,475
Operating grants and contributions	685,919	1,362,843	-	-	685,919	1,362,843
Capital grants and contributions	199,979	202,665	430,510	413,040	630,489	615,705
General revenue						
Property taxes	3,032,069	2,801,483	-	-	3,032,069	2,801,483
State Shared revenue	411,800	416,414	-	-	411,800	416,414
License and permits	66,563	90,770	-	-	66,563	90,770
Unrestricted investment earnings	252,327	229,612	85,735	69,564	338,062	299,176
Gain on sale of capital assets	3,120	75	-	-	3,120	75
Other revenues	311,212	49,491	-	-	311,212	49,491
Transfers	116,896	(211,553)	(116,896)	211,553	-	-
Total Revenue	<u>6,374,175</u>	<u>6,341,471</u>	<u>2,572,057</u>	<u>2,868,961</u>	<u>8,946,232</u>	<u>9,210,432</u>
Program Expense						
General government	1,372,842	1,485,835	-	-	1,372,842	1,485,835
Public safety	1,108,457	1,146,235	-	-	1,108,457	1,146,235
Highways and Street	648,627	518,867	-	-	648,627	518,867
Sanitation	269,105	275,002	-	-	269,105	275,002
Economic development-DDA	611,543	642,666	-	-	611,543	642,666
Culture-recreations	857,247	1,104,855	-	-	857,247	1,104,855
Interest on long term debt	467,973	622,129	-	-	467,973	622,129
Equipment	366,974	380,037	-	-	366,974	380,037
Other	100,223	-	-	-	100,223	-
Water and waste water	-	-	3,025,708	3,015,222	3,025,708	3,015,222
Total Program Expenses	<u>5,802,991</u>	<u>6,175,626</u>	<u>3,025,708</u>	<u>3,015,222</u>	<u>8,828,699</u>	<u>9,190,848</u>
Change in Net Assets	<u>\$ 571,184</u>	<u>\$ 165,845</u>	<u>\$ (453,651)</u>	<u>\$ (146,261)</u>	<u>\$ 117,533</u>	<u>\$ 19,584</u>

**Governmental Activities**

The City continues to experience moderate growth in tax revenues based on the increased developments in the residential and commercial sectors. Expenditures overall have remained fairly constant; however, we have experienced significant rate increases in employee health care premiums and in the employer contribution for employee pension benefits.

State-shared revenues, statutorily designated to support local community services and historically about 15% of the City's general operating revenues, have continued to decline to approximately 6% for fiscal year 2006-07. While not significant in total dollars, the trend from the State of Michigan appears that it will continue. Over a five year period of time, the City has received \$75,000 less in State shared revenues.

CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**Business-type Activities**

The City operates a water department and sewer treatment department. These departments provide water and sewage services to all the City's residents. Water is provided to some areas outside the City corporate limits. Rates are set to provide for annual operations, maintenance, replacement, and for the payment of debt service requirements. The Water Board reviews the rate structure annually. In the prior year, our wholesale water supplier has again changed the methodology they charge their wholesale customers which prompts us to make appropriate changes to the rates charged to our customers. We have hired a consultant to investigate our options for an alternate water source and that project continues. The Waste Treatment Committee reviews that department's operation. Based on costs and operations, a rate increase is being reviewed and discussed.

**Analysis of Individual Funds**

Of the City's governmental funds, the General Fund, the Major and Local Street Funds, and the Downtown Development Authority Fund account for most of the significant expenditures other than for debt service.

The General Fund ended the fiscal year with an increase to the fund balance in the amount of \$83,545. An ongoing concerted effort by the City Council and management was made to reverse the prior years decreasing trends and move in a positive direction. Property taxes remain the major revenue source (55%), followed by charges for services (25.5%), State shared revenue (10%), and licenses and permits, fines and forfeits and other revenues making up the balance of the general fund revenue. The total General Fund revenues for fiscal year 2006-07 increased by 5.5% over the preceding fiscal year.

Both the Major and Local Street Funds continue to struggle with limited funds available to undertake construction or reconstruction projects. The major source of revenue comes from the State gas and weight taxes. The General Fund annually transfers money into these street funds for any planned construction project. The ending fund balance in these street funds is \$97,617 for fiscal year 2006-07, this compares to an ending balance of \$62,159 for the prior fiscal year.

The Downtown Development Authority Fund, along with their construction fund, receives the majority of their revenue from property taxes, captured taxes and special assessments. The majority of the planned infrastructure and beautification projects have been completed.

**General Operating Fund Budget Highlights**

During the annual budget process, the City completes an extensive review of the current year budget, culminating in a budget amendment to appropriate the revised expenditure estimates.



**General Operating Fund Budget Highlights (cont.)**

The City did amend the originally adopted budget, once in March 2007 and again in June 2007. The most significant expenditure variances between the first budget adopted and the final budget adopted are as follows:

- The General Government function was amended to accommodate an expected increase of \$29,500. This adjustment was mainly due to account for what was estimated at that time was additional "Other Personal Services" being performed by our DPW which is charged out to customers resulting in offsetting revenues.
- The Public Safety function was increased \$53,365 due to an increase in the wage and fringe benefit costs, and vehicle expenses (specifically gasoline) were underestimated at budget time.
- The Highway and Streets function was increased by \$23,500 to anticipate additional repairs to the sidewalk infrastructure.

Significant variances between the final budget and actual results are as follows:

- Total revenues were \$86,440 more than anticipated in the General fund. General tax revenues were \$86,901 more than the original estimated budgeted amounts.
- Total expenditures were \$117,763 less than the final amended budgeted numbers. Each General Fund functions results were under final budgeted numbers. The General Government function was \$30,356 less than budgeted due to not spending the total amount budget for legal services in the Assessing category and final fringe expenditures in the City Office area was over estimated.

**Capital Asset and Long-term Debt Activity**

Major capital asset and infrastructure additions in governmental funds consisted of the construction of the Kingsbrook subdivision phase 5 infrastructure street and storm sewer improvements.

In the Water and Sewer Funds, additional residential subdivision development, Kingsbrook subdivision phase 5 was in the process of being constructed.

Besides any new public developments, the City is in the process of acquiring land north of the City Hall/ Public Safety building complex on North Franklin and West Schleier streets and additionally acquiring 2 vacant lots north of our DPW facilities.

The City did service all outstanding debt on a timely basis. One additional debt obligation in the amount of \$750,000 is anticipated for land acquisition.

CITY OF FRANKENMUTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**Economic Factors and Next Year's Budgets and Rates**

The City's tax mill rate of 9.60 has been in effect since the 1997-98 fiscal year. The growth of the taxable value over this period has provided increased tax revenues to allow for no change in the mill levy. The limiting factor on tax revenue growth in the General Fund results from the capture of commercial tax values in the D.D.A. District.

Michigan Tax Tribunal tax appeals have been filed for two large tax payers within the D.D.A. which will have a limited adverse impact on this fund.

The City has experienced no specific events which it believes will materially impact the finances of the City. It should be noted that certain long-term trends such as the capture of commercial property tax revenues and shrinking state-shared revenues, will have a direct impact on the City's ability to provide current services as inflation and the cost of providing services increases. Currently, adequate cash reserves and authorized unlevied millage ensures provision of current services in the near term as the City meets these challenges and plans for the future.

The Library Board is currently investigating the benefits of forming a District Library with the Frankenmuth School District.

**Contacting the City's Financial Management**

This financial report is designed to provide accountability of our stewardship of the resources provided by our citizens, taxpayers, and customers and to provide financial information to the City's investors and creditors. If you have any questions about this report or need additional financial information, please do not hesitate to contact the City Manager or City Treasurer at Frankenmuth City & Township Government Center, 240 West Genesee Street, Frankenmuth, MI 48734-1398.

CITY OF FRANKENMUTH  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 2,299,712	\$ 1,297,737	\$ 3,597,449
Investments	168,155	-	168,155
Receivables	115,907	485,062	600,969
Special Assessments Receivable	2,041,789	66,863	2,108,652
Due from other funds	219,327	314,283	533,610
Due from other governmental units	104,667	-	104,667
Inventory	18,728	61,055	79,783
Prepaid expenses	109,955	24,624	134,579
Total Current assets	5,078,240	2,249,624	7,327,864
Noncurrent Assets			
Restricted accounts receivable	-	8,348,043	8,348,043
Special Assessments net of current portion	-	563,895	563,895
Net Capital assets	10,639,325	14,233,978	24,873,303
Total Noncurrent Assets	10,639,325	23,145,916	33,785,241
Total assets	15,717,565	25,395,540	41,113,105
<b>LIABILITIES</b>			
Accruals	285,206	260,146	545,352
Accrued payroll	-	7,781	7,781
Due to other funds	84,208	449,402	533,610
Deferred revenue	2,025,605	563,545	2,589,150
Noncurrent liabilities:			
Due within one year	786,837	720,000	1,506,837
Due in more than one year	8,701,856	7,365,471	16,067,327
Total liabilities	11,883,712	9,366,345	21,250,057
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,150,632	6,148,507	7,299,139
Restricted for debt service	100,579	-	100,579
Unrestricted	2,582,642	9,880,688	12,463,330
Total net assets	\$ 3,833,853	\$ 16,029,195	\$ 19,863,048

The accompanying notes are an integral part of these financial statements.

**CITY OF FRANKENMUTH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
<b>Governmental activities:</b>						
General Government	\$ 1,372,842	\$ 228,296	\$ 141,819	\$ 4,092	\$ (998,635)	\$ -
Public Safety	1,108,457	197,879	67,201	-	(843,377)	-
Highways & Streets	648,627	-	366,627	64,166	(217,834)	-
Sanitation	269,105	325,416	-	-	56,311	-
Economic Development - DDA	611,543	-	-	131,721	(479,822)	-
Culture - recreations	857,247	127,501	110,272	-	(619,474)	-
Interest on Long Term Debt	467,973	-	-	-	(467,973)	-
Equipment	366,974	415,198	-	-	48,224	-
Other	100,223	-	-	-	(100,223)	-
Total governmental activities	5,802,991	1,294,290	685,919	199,979	(3,622,803)	-
<b>Business-type Activities:</b>						
Wastewater Treatment Fund	1,800,378	876,467	-	344,240	-	(579,671)
Water Fund	1,225,330	1,296,241	-	86,270	-	157,181
Total business-type activities	3,025,708	2,172,708	-	430,510	-	(422,490)
Total primary government	\$ 8,828,699	\$ 3,466,998	\$ 685,919	\$ 630,489	(3,622,803)	(4,045,293)
<b>General revenues:</b>						
Property Taxes					3,032,069	-
State Shared Revenue					411,800	-
License & Permits					66,563	-
Unrestricted investment earnings					252,327	85,735
Gain on Sale of Capital Assets					3,120	-
Other Revenues					311,212	-
Transfers					116,896	(116,896)
Total general revenues					4,193,987	(31,161)
Change in net assets					571,184	(453,651)
Net assets - beginning restated					3,262,669	16,482,846
Net assets - ending					\$ 3,833,853	\$ 16,029,195
						\$ 19,863,048

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2007

	General	DDA Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 1,449,227	\$ 265,504	\$ 360,763	\$ 2,075,494
Investments	66,077	-	102,078	168,155
Receivables				
Other	5,047	-	59	5,106
Accounts	77,947	2,643	26,074	106,664
Special assessments	18,589	1,910,630	112,570	2,041,789
Due from other funds	152,843	266	67,383	220,492
Due from other governmental units	11,118	-	93,549	104,667
Inventory	14,776	-	-	14,776
Prepaid expenditures	80,777	1,714	17,477	99,968
Total	<u>\$ 1,876,401</u>	<u>\$ 2,180,757</u>	<u>\$ 779,953</u>	<u>\$ 4,837,111</u>
<u>Liabilities</u>				
Liabilities				
Accounts payable	\$ 127,184	\$ 14,508	\$ 56,953	\$ 198,645
Accrued expenditures	71,603	2,609	-	74,212
Due to other funds	92,469	10,763	89,030	192,262
Deferred revenue	79,688	1,780,395	165,522	2,025,605
Total Liabilities	<u>370,944</u>	<u>1,808,275</u>	<u>311,505</u>	<u>2,490,724</u>
Fund Equity				
Fund Balance				
Reserved for debt retirement	-	-	100,579	100,579
Reserved for inventories	14,776	-	-	14,776
Undesignated	1,490,681	372,482	367,869	2,231,032
Total Fund Equity	<u>1,505,457</u>	<u>372,482</u>	<u>468,448</u>	<u>2,346,387</u>
Total Liabilities and Fund Equity	<u>\$ 1,876,401</u>	<u>\$ 2,180,757</u>	<u>\$ 779,953</u>	<u>\$ 4,837,111</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
 SHEET TO THE CITY-WIDE STATEMENT OF NET ASSETS  
 JUNE 30, 2007

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Fund balances of governmental funds	\$ 2,346,387
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds.

Capital assets	13,922,394
Accumulated depreciation	(3,963,745)

Long-term liabilities, including bonds payable, are not due and payable

in the current period; and therefore, are not reported in the funds.	(9,488,693)
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Internal service funds are used by management to charge the cost of fleet management to individual funds.

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Net assets of governmental activities	1,017,510
	<u>\$ 3,833,853</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
GOVERNMENTAL FUNDS STATEMENT OF REVENUE,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2007

	General	DDA Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 2,193,101	\$ 929,687	\$ -	\$ 3,122,788
Licenses	9,330	-	62,553	71,883
State	411,800	-	364,277	776,077
Federal	-	-	36,225	36,225
Charges for service	1,020,293	-	105,291	1,125,584
Fines and forfeits	18,579	-	34,555	53,134
Other revenues	333,104	273,062	179,802	785,968
Total Revenues	3,986,207	1,202,749	782,703	5,971,659
Expenditures				
General government	1,057,303	-	-	1,057,303
Public safety	1,097,272	-	-	1,097,272
Public works	381,168	-	763,955	1,145,123
Recreation and cultural	-	-	721,888	721,888
Other expenditures	269,356	349,654	75,217	694,227
Debt service				
Principal retirement	-	-	588,600	588,600
Interest and fiscal agent charges	-	-	433,330	433,330
Total Expenditures	2,805,099	349,654	2,582,990	5,737,743
Excess (Deficiency) of Revenues over Expenditures	1,181,108	853,095	(1,800,287)	233,916
Other Financing Sources (Uses)				
Operating transfers in	-	-	1,995,339	1,995,339
Operating transfers (out)	(1,097,563)	(792,953)	(175,150)	(2,065,666)
Total Other Financing Sources (Uses)	(1,097,563)	(792,953)	1,820,189	(70,327)
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	83,545	60,142	19,902	163,589
Fund Balances, Beginning	1,421,912	312,340	448,546	2,182,798
Fund Balances, Ending	\$ 1,505,457	\$ 372,482	\$ 468,448	\$ 2,346,387

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
 REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE  
 CITY-WIDE CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2007

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Net change in fund balances --total governmental funds \$ 163,589

Amounts reported for governmental activities in the statement of activities  
 are different because:

Capital assets used in governmental activities are not financial  
 resources; and therefore, are not reported in the funds.

Depreciation expense	(574,868)
Capital Outlay	202,679

The proceeds of an issued debt provides current financial resources to  
 governmental funds, while the repayment of the principal of long-term  
 debt consumes the current financial resources of governmental funds.  
 Neither transaction has any effect on net assets.

Repayment of debt	754,067
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Internal service funds are used by management to charge the costs of fleet management  
 to individual funds. The assets and liabilities of the internal service funds are included in  
 governmental activities in the statement of net assets.

28,224

Elimination of balances between governmental funds

(2,507)

Change in net assets of governmental activities

\$ 571,184

The accompanying notes are an integral part of these financial statements.



CITY OF FRANKENMUTH  
 PROPRIETARY FUNDS  
 BALANCE SHEET  
 JUNE 30, 2007

	Waste Water	Water	Enterprise Totals	Internal Service
<u>Assets</u>				
Current Assets				
Cash	\$ 156,099	\$ 1,141,638	\$ 1,297,737	\$ 224,218
Accounts receivable	330,469	154,593	485,062	512
Special assessments receivable	53,190	13,673	66,863	-
Due from other funds	1,747	312,536	314,283	107,867
Inventory	17,616	43,439	61,055	3,952
Prepaid Expenses	16,677	7,947	24,624	9,987
Total Current Assets	<u>575,798</u>	<u>1,673,826</u>	<u>2,249,624</u>	<u>346,536</u>
Non current Assets				
Restricted Assets	7,196,443	1,151,600	8,348,043	-
Special assessments receivable net of current portion	479,515	84,380	563,895	-
Net Capital Assets	<u>10,541,547</u>	<u>3,692,431</u>	<u>14,233,978</u>	<u>680,673</u>
Total Noncurrent Assets	<u>18,217,505</u>	<u>4,928,411</u>	<u>23,145,916</u>	<u>680,673</u>
Total Assets	<u>\$ 18,793,303</u>	<u>\$ 6,602,237</u>	<u>\$ 25,395,540</u>	<u>\$ 1,027,209</u>
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Accounts Payable	\$ 185,503	\$ 74,643	\$ 260,146	\$ 8,724
Accrued Payroll	6,965	816	7,781	-
Due to other funds	424,955	24,447	449,402	975
Deferred Special Assessment Revenue	479,518	84,027	563,545	-
Current Portion of Long-Term Debt	<u>622,200</u>	<u>97,800</u>	<u>720,000</u>	<u>-</u>
Total Current Liabilities	<u>1,719,141</u>	<u>281,733</u>	<u>2,000,874</u>	<u>9,699</u>
Noncurrent Liabilities				
Bonds Payable (net of current portion and unamortized discount)	<u>6,310,671</u>	<u>1,054,800</u>	<u>7,365,471</u>	<u>-</u>
Total Noncurrent Liabilities	<u>6,310,671</u>	<u>1,054,800</u>	<u>7,365,471</u>	<u>-</u>
Total Liabilities	<u>8,029,812</u>	<u>1,336,533</u>	<u>9,366,345</u>	<u>9,699</u>
Net Assets				
Investment in capital assets- Net of related debt	3,608,676	2,539,831	6,148,507	680,673
Unrestricted	<u>7,154,815</u>	<u>2,725,873</u>	<u>9,880,688</u>	<u>336,837</u>
Total Net Assets	<u>10,763,491</u>	<u>5,265,704</u>	<u>16,029,195</u>	<u>1,017,510</u>
Total Liabilities and Net Assets	<u>\$ 18,793,303</u>	<u>\$ 6,602,237</u>	<u>\$ 25,395,540</u>	<u>\$ 1,027,209</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Waste Water	Water	Enterprise Totals	Internal Service
Operating Revenues				
Sewage disposal charges	\$ 865,509	\$ -	\$ 865,509	\$ -
Water sales	-	1,280,026	1,280,026	-
Penalties on late payments	7,783	7,243	15,026	-
Hydrant rental	-	8,000	8,000	-
Billings to departments	-	-	-	369,519
Other revenues	-	13,115	13,115	-
Total Operating Revenues	<u>873,292</u>	<u>1,308,384</u>	<u>2,181,676</u>	<u>369,519</u>
Operating Expenses				
Transmission Maintenance	178,536	-	178,536	-
Sewage purification	1,457,381	-	1,457,381	-
Distribution System				
Maintenance, Township	-	23,948	23,948	-
Distribution System				
Maintenance, City	-	108,418	108,418	-
Purification	-	955,167	955,167	-
Motor Vehicle Maintenance	-	-	-	328,914
Administration	221,536	178,196	399,732	38,060
Customer service	307	31,258	31,565	-
Total Operating Expenses	<u>1,857,760</u>	<u>1,296,987</u>	<u>3,154,747</u>	<u>366,974</u>
Operating Income (Loss)	<u>(984,468)</u>	<u>11,397</u>	<u>(973,071)</u>	<u>2,545</u>
Non-Operating Revenues (Expenses)				
Interest	35,979	49,756	85,735	7,727
DPW Fringe Recovery	-	-	-	5,771
Miscellaneous	72,095	21,718	93,813	12,181
Total Non-operating Revenues	<u>108,074</u>	<u>71,474</u>	<u>179,548</u>	<u>25,679</u>
Income before other revenues	<u>(876,394)</u>	<u>82,871</u>	<u>(793,523)</u>	<u>28,224</u>
Other Revenue				
Capital Contributions	<u>275,320</u>	<u>64,552</u>	<u>339,872</u>	<u>-</u>
Total Other Revenue	<u>275,320</u>	<u>64,552</u>	<u>339,872</u>	<u>-</u>
Increase (decrease) in net assets	<u>(601,074)</u>	<u>147,423</u>	<u>(453,651)</u>	<u>28,224</u>
Net Assets, Beginning	<u>11,364,565</u>	<u>5,118,281</u>	<u>16,482,846</u>	<u>989,286</u>
Net Assets, Ending	<u>\$ 10,763,491</u>	<u>\$ 5,265,704</u>	<u>\$ 16,029,195</u>	<u>\$ 1,017,510</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Waste Water Fund	Water Fund	Enterprise Totals	Internal Service
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 866,878	\$ 1,306,659	\$ 2,173,537	\$ -
Billings from other departments	-	-	-	375,815
Payments to suppliers	(454,495)	(767,641)	(1,222,136)	(153,858)
Payments to employees	(405,097)	(208,350)	(613,447)	(86,360)
Internal activity - Net payments to other funds	179,637	(357,368)	(177,731)	(20,665)
Other receipts (payments)	1,855	-	1,855	-
Net cash provided by (used in) operating activities	188,778	(26,700)	162,078	114,932
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(494,706)	(73,583)	(568,289)	(141,171)
Sale of capital assets	-	-	-	12,181
Capital contributions	275,320	64,552	339,872	-
Operating transfers	-	-	-	5,771
Principal and interest paid on capital debt	(712,850)	(95,100)	(807,950)	-
Restricted accounts receivable	677,797	95,100	772,897	-
Net cash provided by (used in) capital and related financing activities	(254,439)	(9,031)	(263,470)	(123,219)
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	35,979	49,756	85,735	7,727
Special assessment revenue	64,729	22,412	87,141	-
Other	3,175	-	3,175	1,571
Net cash provided by (used in) investing activities	103,883	72,168	176,051	9,298
<b>Net Increase (Decrease) in Cash and cash equivalents</b>	38,222	36,437	74,659	1,011
Cash and cash equivalents - Beginning of year	117,877	1,105,201	1,223,078	223,207
Cash and cash equivalents - End of year	\$ 156,099	\$ 1,141,638	\$ 1,297,737	\$ 224,218
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ (984,468)	\$ 11,397	\$ (973,071)	\$ 2,545
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	849,874	263,988	1,113,862	107,790
Receivables	(167,774)	3,088	(164,686)	(512)
Due from other funds	3,158	(297,489)	(294,331)	6,297
Other assets	(9,827)	305	(9,522)	(286)
Accounts payable	95,387	(4,883)	90,504	(748)
Accrued and other liabilities	771	348	1,119	-
Due to other funds	401,657	(3,454)	398,203	(154)
Net Cash provided by (used in) operating activities	\$ 188,778	\$ (26,700)	\$ 162,078	\$ 114,932

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies

The City of Frankenmuth is organized under Michigan's Comprehensive Home Rule City Act. City government is directed by a seven-member City Council, including the Mayor, who is elected by the community at large. This legislative body appoints a City Manager to administer the affairs of the City. The City provides the following services as authorized by its charter: public safety, highways and streets, sanitation, cultural and recreation, public improvements, planning and zoning, and general administrative services.

The City of Frankenmuth complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City has the option of following subsequent FASB guidance for its enterprise funds; however, the City has elected not to follow subsequent guidance.

The Reporting Entity

The City has adopted the position of the National Council on Governmental Accounting (NCGA) as outlined in its Statement 3, regarding the definition of the "reporting entity." The basic criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. Oversight responsibility include financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Based upon these criteria, the Frankenmuth City-Township Commission is considered a separate governmental entity. The City has consolidated the Frankenmuth Beautification Committee into these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that cannot be attributed directly to any one function are reported instead as general revenue.

The City does not allocate indirect costs. An administrative fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement to recover the direct costs of the General Fund services provided.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(continued)

A fund is defined as a fiscal and accounting entity with self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by the City:

Governmental Funds

General Fund--The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds--Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds--Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds--Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds

Enterprise Funds--Enterprise Funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds--These funds are used to record the financing of goods or services by the City to other departments and funds, or to other governmental units, on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and waste water function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services.

Operating expenses for proprietary funds include the cost of source of supply, transmission and distribution maintenance, and administrative and general expenses, including depreciation and capital assets.

All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash

Cash includes cash on hand and demand deposits.

Investments

Investments include money markets fund and are stated at fair value.

Receivables

Receivables consist of all revenues earned at year-end but not yet received. Outstanding balances between funds are reported as "due to/from other funds".

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the governmental-wide financial statements as "internal balances".

Inventories

Inventories consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method.

Prepaid

Prepaid amounts consist of payments for which the City will have a future benefit and will be used up at a date beyond the current year-end.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. The City owns infrastructure assets such as water and sewer systems and roads and sidewalks. Depreciation on all assets is provided on the straight-line method.

Assets are depreciated over the following estimated useful lives:

Equipment and other	3-10 years
Vehicles	5-10 years
Buildings	50 years
Water and sewer mains	20-50 years
Water Towers	50 years
Water Meters	10-20 years
Other equipment	5-10 years
Infrastructure	5-50 years

The City elected not to retroactively report some infrastructure assets, which is allowable under the provisions of GASB 34.

Accounts Payable

Accounts payable consist of items from which the City benefited during the current fiscal year but has not yet paid.

Accrued Sick Leave

Accumulated and unused sick leave at year end is recognized as a liability of the respective funds in which each employee's wages are reported. The liability is calculated based upon various labor terms. Total accrued sick leave at June 30, 2007, was \$71,603.

Deferred Revenue

Deferred revenue represents amounts for which the City has received or is due to receive but has not yet earned. The revenues are deferred until the proceeds have been fully expensed/expended.



CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Long-term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Inter-fund Activity

Inter-fund activity is reported as payables and transfers. Both are eliminated upon consolidation.

Property Taxes

City property taxes are an enforceable lien on property, when levied on July 1. They are due without penalty on or before July 31. These summer tax bills include the City's own property taxes, and a portion of Saginaw County taxes billed on behalf of the Intermediate School District and Delta College. Real property taxes not collected as of March 1 are returned to Saginaw County for collection. The County settles with the City for 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Property taxes levied in July of each year are recognized as revenue in that year.

The City acts as a collection agent for a portion of Saginaw County, Saginaw ISD, Delta College and the Frankenmuth School District for winter property taxes. Taxes collected on behalf of these entities are turned over immediately following collection, and are accounted for in a designated agency fund. At December 31, 2006, the taxable value of real and personal property located in the City totaled \$258,056,264, including industrial and commercial facilities. The City taxable value, exclusive of industrial facilities and commercial facilities tax units, amounted to \$257,671,503.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 1--Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

The levy for the year was based on the following rate:

	<u>Millage Rate Used</u>	<u>Authorized Millage Rate by Either State Law or City Charter</u>
General Operating	9.60	20* General

\*Limited by Headlee amendment to 18.7860 mills

NOTE 2--Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At their March meeting, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution at the April City Council meeting.
4. Formal budgetary integration is employed as a measurement control device during the year for all funds.
5. Budgets for all funds are adopted and have been prepared in accordance with accounting principles generally accepted in the United States of America.
6. The legal level of budgetary control adopted by the City is the activity level.
7. Adoption and amendments of all budgets used by the City are governed by Public Act 621. The appropriations resolutions are based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Public Act 621. The City did amend its budget for the fiscal year. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 3--Deposits and Investments

The City is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The City is also authorized to invest in the following:

- a. U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury STRIPS,
- b. TINTS-Treasury Interest Securities,
- c. PRINS or STRIPS-Treasury Principal Securities,
- d. Certificates of Deposits, Saving Deposit Receipt and Savings Accounts,
- e. Commercial Paper-short term unsecured debt obligation issued by a bank holding company, finance company, utility or industrial company to raise short term cash,
- f. Repurchase Agreements,
- g. Banker's Acceptance,
- h. Investment Pools.

Cash and cash equivalents include demand deposits with original maturities of 90 days or less. All cash is held by federally insured financial institutions. The FDIC insures up to \$100,000 in demand deposits; however, separately named accounts of a governmental entity in a single financial institution may not necessarily be treated as separate deposits for the \$100,000 limitation. Investments consist of money market funds. These investments are carried at fair market value. A summary of cash and investments follow:

	Insured	Collateralized	Uninsured Uncollateralized	Total
Governmental Activities				
Cash	\$ 100,000	\$ -	\$ 2,031,421	\$ 2,131,421
Investments	100,000	-	68,160	168,160
Business-type Activities				
Cash	100,000	-	1,421,954	1,521,954
Total Deposits & Investments	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 3,521,535</u>	<u>\$ 3,821,535</u>

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 3--Deposits and Investments (continued)

Some of the operating cash of the City is handled through a common checking account at a bank. Each Fund's share of the cash balance is accounted for by using a separate cash general ledger account within each fund.

The investment policy of the City is to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City and comply with all state statutes governing the investment of public funds.

NOTE 4--Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Disposals	Balance June 30, 2007
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not subject to depreciation				
Land	\$ 164,135	\$ -	\$ -	\$ 164,135
Subtotal	164,135	-	-	164,135
Capital assets subject to depreciation				
Infrastructure	7,591,071	158,862	-	7,749,933
Furniture and Equipment	1,460,662	70,650	59,573	1,471,739
Vehicles	1,015,542	114,338	44,646	1,085,234
Buildings	5,283,503	-	-	5,283,503
Subtotal	15,350,778	343,850	104,219	15,590,409
Accumulated Depreciation				
Infrastructure	1,493,517	349,352	-	1,842,869
Furniture and Equipment	929,704	96,523	55,510	970,717
Vehicles	613,464	84,065	44,646	652,883
Buildings	1,496,032	152,718	-	1,648,750
Subtotal	4,532,717	682,658	100,156	5,115,219
Net capital assets being depreciated	10,818,061	(338,808)	4,063	10,475,190
Net governmental capital assets	\$ 10,982,196	\$ (338,808)	\$ 4,063	\$ 10,639,325

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Capital Assets (continued)

	Balance July 1, 2006	Additions	Disposals	Balance June 30, 2007
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not subject to depreciation				
Land	\$ 22,963	\$ -	\$ -	\$ 22,963
Subtotal	22,963	-	-	22,963
Capital assets subject to depreciation				
Buildings	18,040,044	75,401	-	18,115,445
Water towers	533,842	-	-	533,842
Distribution systems	6,074,729	346,252	-	6,420,981
Collection systems	3,133,464	56,536	-	3,190,000
Machinery & equipment	1,260,785	78,714	-	1,339,499
Meters & boxes	327,033	11,388	-	338,421
Furniture & fixtures	59,492	-	-	59,492
Subtotal	29,429,389	568,291	-	29,997,680
Accumulated Depreciation				
Buildings	9,561,564	666,043	-	10,227,607
Water towers	313,401	10,289	-	323,690
Distribution systems	2,588,290	237,282	-	2,825,572
Collection systems	1,094,094	130,920	-	1,225,014
Machinery & equipment	828,213	61,231	-	889,444
Meters & boxes	242,133	6,090	-	248,223
Furniture & fixtures	45,108	2,007	-	47,115
Subtotal	14,672,803	1,113,862	-	15,786,665
Net capital assets being depreciated	14,756,586	(545,571)	-	14,211,015
Net Business-type capital assets	\$ 14,779,549	\$ (545,571)	\$ -	\$ 14,233,978

Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 43,985
Public safety	31,146
Public works	9,949
Recreation and culture	166,454
Economic Development - DDA	309,894
Highway & Streets	13,440
Internal Service	107,790
Total governmental activities	\$ 682,658
Business-type activities:	
Waste Water Treatment	\$ 849,874
Water	263,988
Total business-type activities	1,113,862

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Inter-fund Receivables, Payables and Transfers

The composition of inter-fund balances as of June 30, 2007, is as follows:

Due To/From Other Funds							
Receivable		Payable		Receivable		Payable	
General	\$ 29,164	Major Street	\$ 29,164	Waste Water	\$ 303	General	\$ 303
	6,252	Parks & Recreation	6,252		18	Major	18
	3,968	DDA	3,968		954	Parks & Recreation	954
	381	Building	381		54	Library	54
	1,884	Library	1,884		418	Water	418
	106,003	Waste Water	106,003		<u>\$ 1,747</u>		<u>\$ 1,747</u>
	4,516	Water	4,516				
	675	Equipment	675	Water	\$ 5,490	General	\$ 5,490
	<u>\$ 152,843</u>		<u>\$ 152,843</u>		42	Major Street	42
					98	Local Street	98
Local Street	<u>\$ 262</u>	General	<u>\$ 262</u>		821	Parks & Recreation	821
					1,711	DDA	1,711
Parks & Recreation	<u>\$ 17,807</u>	General	<u>\$ 17,807</u>		98	Library	98
					304,242	Waste Water	304,242
DDA	<u>\$ 266</u>	Equipment	<u>\$ 266</u>		34	Equipment	34
					<u>\$ 312,536</u>		<u>\$ 312,536</u>
Debt service	\$ 46,317	General	\$ 46,317				
Debt Service	<u>1,847</u>	Debt Service	<u>1,847</u>	Equipment	\$ 21,142	General	\$ 21,142
	<u>\$ 48,164</u>		<u>\$ 48,164</u>		12,962	Major Street	12,962
					16,852	Local Street	16,852
Library	<u>\$ 1,150</u>	General	<u>\$ 1,150</u>		16,978	Parks & Recreation	16,978
					5,084	DDA	5,084
					485	Building	485
					141	Library	141
					14,710	Waste Water	14,710
					19,513	Water	19,513
					<u>\$ 107,867</u>		<u>\$ 107,867</u>

The majority of the interfund receivables and payables for the City consist of amounts due to the General fund for administrative charges, to Water and Waste Funds for service charges, and to the Equipment fund for equipment rental charges. The majority of interfund transfers consisted of payments from the General Fund for operations of the Special Revenue funds and transfers to Debt Service for the payment of bond principal and interest.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Inter-fund Receivables, Payables and Transfers (continued)

The composition of inter-fund transfers as of June 30, 2007, is as follows:

<u>Transfers In/Out</u>							
<u>Transfers In</u>		<u>Transfers Out</u>		<u>Transfers In</u>		<u>Transfers Out</u>	
Major Street	\$ 140,000	General	\$ 140,000	Debt Service	\$ 113,828	General	\$ 113,828
				Debt Service	106,029	Major Street	106,029
Local Street	\$ 180,000	General	\$ 180,000	Debt Service	19,120	Local Street	19,120
	33,000	Major Street	33,000	Debt Service	782,953	DDA	782,953
	156,759	Capital projects	156,759		<u>\$ 1,021,930</u>		<u>\$ 1,021,930</u>
	<u>\$ 369,759</u>		<u>\$ 369,759</u>				
				Waste	\$ 56,536	Capital projects	\$ 56,536
Parks	\$ 279,650	General	\$ 279,650				
				Water	\$ 43,686	Capital projects	\$ 43,686
Library	\$ 184,000	General	\$ 184,000				

NOTE 6--Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board, Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy

The City is required to contribute at an actuarially determined rate; the rate at June 30, 2007 was 12.63% for general employees, and 16.02% for police officers of annual covered payroll. City employees are required to contribute 4.5% of their annual compensation. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the City depending on the MERS contribution program adopted by the City.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 6—Defined Benefit Pension Plan (continued)

Annual Pension Cost

For the year ended June 30, 2007, the City's annual pension cost of \$225,100 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) an assumed rate of investment return, which is used to discount liabilities and project what plan assets will earn, (b) a mortality table projecting the number of employees who will die before retirement and duration of benefit payments after retirement, (c) assumed retirement rates projecting when employees will retire and commence receiving benefits, (d) a set of withdrawal and disability rates to estimate the number of employees who will leave the work force before retirement, (e) assumed rates of salary increase to project employees' compensation in future years. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect market value.

Three-year Trend information

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed
6/30/2005	\$ 157,846	100%
6/30/2006	\$ 188,832	100%
6/30/2007	\$ 225,100	100%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Over Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
12/31/2004	\$ 7,601,270	\$ 9,182,894	\$ 1,581,624	83%	\$ 1,702,210	93%
12/31/2005	\$ 7,924,946	\$ 9,580,878	\$ 1,655,932	98%	\$ 1,682,140	98%
12/31/2006	\$ 8,348,784	\$ 10,317,868	\$ 1,969,084	81%	\$ 1,649,228	119%

NOTE 7—Unemployment Compensation

The City is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the City must reimburse the Employment Commission for all benefits charged against the City. For the year ended June 30, 2007, the City did not incur any unemployment expense.



CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

**NOTE 8--Long-Term Debt**

Long-term debt obligations for the year ended June 30, 2007, were as follows:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
<b>Governmental Activities</b>					
<u>General Obligation Bonds</u>					
1997 DDA Bonds					
Amount of issue: \$2,600,000					
Maturing through 5/1/17	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ -
2000 General Fund Streetscape					
Amount of issue: \$1,200,000					
Maturing through 10/1/16	835,000	-	55,000	780,000	60,000
1999 Major Street Bonds					
Amount of issue: \$332,000					
Maturing through 9/1/14	195,000	-	25,000	170,000	25,000
1999 MTF Bonds					
Amount of issue: \$380,000					
Maturing through 3/1/13	215,000	-	25,000	190,000	30,000
2000 DDA North Main Bonds					
Amount of issue: \$940,000					
Maturing through 5/1/2020	180,000	-	40,000	140,000	40,000
2001 DDA Phase 3 Bonds					
Amount of issue: \$1,300,000					
Maturing through 5/1/2021	265,000	-	45,000	220,000	50,000
EDC Technology Park Bonds					
Amount of issue: \$164,900					
Maturing through 9/1/09	88,998	-	23,999	64,999	25,116
Harvey Kern Pavilion Bonds					
Amount of issue: \$1,050,000					
Maturing through 10/18/2011	847,638	-	141,467	706,171	146,721
2005 Downtown Development Refunding Bonds					
Amount of issue: \$3,260,000					
Maturing through 05/01/2021	3,260,000	-	20,000	3,240,000	160,000
Total Governmental Activities					
General Obligation Bonds	<u>\$ 6,021,636</u>	<u>\$ -</u>	<u>\$ 510,466</u>	<u>\$ 5,511,170</u>	<u>\$ 536,837</u>

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 8--Long-Term Debt (continued)

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
<b>Governmental Activities</b>					
Special Assessment Bonds					
2001 DDA Phase 3 Bonds					
Amount of issue: \$750,000					
Maturing through 10/1/25	\$ 575,000	\$ -	\$ 40,000	\$ 535,000	\$ 45,000
1997 DDA Bonds					
Amount of issue: \$1,415,000					
Maturing through 10/1/21	940,000	-	60,000	880,000	55,000
1988 Homestead Village Bonds					
Amount of issue: \$295,000					
Maturing through 11/1/08	50,000	-	15,000	35,000	15,000
1999 Major Street Bonds					
Amount of issue: \$332,000					
Maturing through 9/1/14	195,000	-	25,000	170,000	25,000
1999 DDA North Main Bonds					
Amount of issue: \$380,000					
Maturing through 9/1/24	305,000	-	15,000	290,000	15,000
1999 DDA North Main Bonds					
Amount of issue: \$295,000					
Maturing through 9/1/24	235,000	-	15,000	220,000	10,000
2004 Weiss Street Bonds					
Amount of issue: \$1,800,000					
Maturing through 4/1/24	1,680,000	-	60,000	1,620,000	60,000
2001 DDA Snowmelt Bonds					
Amount of issue: \$490,000					
Maturing through 9/1/16	405,000	-	25,000	380,000	25,000
Total Governmental Activities					
Special Assessment Bonds	<u>\$ 4,385,000</u>	<u>\$ -</u>	<u>\$ 255,000</u>	<u>\$ 4,130,000</u>	<u>\$ 250,000</u>

The 2001 DDA Phase 3 bonds are related to debt in both the Governmental activities and the Business-type activities. Of the \$535,000 balance, \$152,475 is debt held in the Waste Water Treatment Fund.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

NOTE 8--Long-Term Debt (continued)

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
<b>Business-type Activities</b>					
General Obligation Bonds					
2001 Waste Treatment Bonds					
Amount of issue: \$300,000					
Maturing through 10/1/15	\$ 230,000	\$ -	\$ 20,000	\$ 210,000	\$ 20,000
1997 Waste Plant Expansion Bonds					
Amount of issue: \$685,000					
Maturing through 5/1/07	100,000	-	100,000	-	-
2004 Waste Plant Expansion Bonds					
Amount of issue: \$1,200,000					
Maturing through 5/1/12	870,000	-	135,000	735,000	135,000
1997 Water Improvement Bonds					
Amount of issue: \$940,000					
Maturing through 5/1/17	660,000	-	45,000	615,000	45,000
2001 Waste Sag. Co. DPW Bonds					
Amount of issue: \$1,660,000					
Maturing through 6/1/16	1,290,000	-	105,000	1,185,000	110,000
1999 Waste Treatment SRF Bonds					
Amount of issue: \$6,645,000					
Maturing through 4/1/19	4,645,000	-	310,000	4,335,000	320,000
Special Assessment Bonds					
2002 E Tuscola Area Bonds					
Amount of issue: \$1,225,000					
Maturing through 10/1/16	960,000	-	85,000	875,000	90,000
<b>Total Business-type Activities</b>	<b>\$ 8,755,000</b>	<b>\$ -</b>	<b>\$ 800,000</b>	<b>\$ 7,955,000</b>	<b>\$ 720,000</b>

Annual debt service requirements to maturity for the above governmental and business-type bonds and contracts are as follows:

June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 786,837	\$ 363,996	\$ 1,150,833	\$ 720,000	\$ 257,989	\$ 977,989
2009	838,504	390,644	1,229,148	735,000	236,949	971,949
2010	812,069	354,519	1,166,588	760,000	211,274	971,274
2011	829,343	320,180	1,149,523	780,000	184,724	964,724
2012	764,417	285,244	1,049,661	835,000	156,712	991,712
2013-2017	3,465,000	1,008,417	4,473,417	3,320,000	405,590	3,725,590
2018-2023	1,725,000	318,269	2,043,269	805,000	27,244	832,244
2024-2026	420,000	32,755	452,755	-	-	-
Totals	\$ 9,641,170	\$ 3,074,024	\$ 12,715,194	\$ 7,955,000	\$ 1,480,482	\$ 9,435,482

For the year ended June 30, 2007, the total interest paid on bonded debt was \$739,121.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 9--Restricted Assets, Enterprise Funds

Accounts Receivable totaling \$7,196,443 in the Waste Treatment Fund and totaling \$1,151,600 in the Water Fund are restricted and represent amounts due from customers for repayment of general obligation bonds.

NOTE 10--Enterprise Funds--Depreciation Allocation

It is the policy of the City of Frankenmuth to distribute depreciation expense between unrestricted net assets and restricted net assets resulting from prior years contributions in aid of construction, based upon the source of the funds used to acquire the capital assets.

NOTE 11--Reserved Fund Balances and Restricted Net Assets

The amount of \$100,579 in the debt service fund has been reserved and can be used solely for the retirement of debt.

NOTE 12--Downtown Development Authority Captured Value

The Downtown Development Authority initial assessed valuation was established when the district was set. Subsequent to that initial value, additions and deletions to that valuation are captured and tax dollars from that captured value are recorded in the Downtown Development Authority Fund. Proposal A changed the formula to exclude school operating millage in the captured formula.

NOTE 13--Self-Insurance Program

The City of Frankenmuth offers a self-insured dental and medical plan to all full-time employees. The City established a fund for these claims through Michigan Employee Benefit Services. Employee claims are handled through MEBS. The City is billed for the excess of the claims over the fund.

NOTE 14--Risk Management

The City of Frankenmuth is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2007, the City of Frankenmuth participated in the Michigan Municipal Liability and Property Pool, a public entity risk pool currently operating as a common risk management program for municipalities in the State of Michigan. The City Council pays an annual premium to the pool for its general insurance coverage. The pool is self-sustaining through member premiums.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 14--Risk Management (continued)

During the year ended June 30, 2007, the City also participated in the Michigan Municipal Worker's Compensation Self-Insurer's Fund (SIF) for its workers' compensation benefits. The SIF is also a common risk management program for municipalities in the State of Michigan and is self-sustaining through premiums. In the event of unusually high claims, both the SIP and the SIF have the authority to bill the members retroactively. The City continues to carry commercial insurance for other risks of loss, including employee health and property insurance.

NOTE 15--Post Employment Benefits

In addition to the pension benefits described in Note 6, the City of Frankenmuth provides post employment health insurance benefits in accordance with City's personnel regulations. In order to be eligible for health insurance coverage, a retiree must have at least ten years of full-time employment and be eligible for retirement benefits through the Municipal Employees Retirement System. For employees with at least ten years but less than thirty years of full-time employment the City will provide to retirees under sixty-five the Community Blue P.P.O. health plan with limited prescription coverage. The City will provide to retirees sixty-five years of age and over the Blue Cross Blue Shield Supplemental Coverage for Medicare benefits. After the retiree is eligible for Medicare, the retiree must pay the entire premium of the Blue Cross Blue Shield coverage. Currently, there are five participants.

For the year ended June 30, 2007, the cost for health insurance benefits to retirees was \$28,945.

NOTE 16--Contingencies and Commitments

The City is a third party guarantor of a loan between the Frankenmuth Chamber of Commerce and Standard Federal Bank in the amount of \$154,350 for remodeling of the Chamber building which the Chamber leases from the City.

Note 17--Joint Venture

In 1960, the City entered into a Joint Venture with the Township of Frankenmuth to form the Frankenmuth City-Township Commission. The Commission manages jointly owned property and equipment. The City contributes to the Frankenmuth City-Township Commission based upon the adopted budget of the Commission. Contributions to the Commission for the year ended June 30, 2007, are as follows: General Fund \$36,445, Fire Fund \$86,000, Cemetery \$2,964 and Debt Service \$100,519.

CITY OF FRANKENMUTH  
NOTES TO FINANCIAL STATEMENTS

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NOTE 18--Advance Refund of Bond Resulting in Defeasance of Debt

During the fiscal year ended June 30, 2006, the City issued \$3,260,000 in general obligation-refunding bonds with interest rates ranging between 2.75% to 4.40%. The City issued the bonds to advance refund \$3,150,000 of the outstanding series 1997 Downtown Development Bonds, 2000 Downtown Development Bonds and 2001 Downtown Development Bonds with interest rates ranging from 4.85% to 5.75%. The City used the net proceeds along with other sources to purchase State and Local Government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded series bonds. As a result, the above mentioned series bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$3,150,000 as of June 30, 2007.

The advance refunding reduced the total debt service payments over the next 20 years by \$140,638. This results in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$101,184.

NOTE 19--Restatement

Net assets of the governmental activities fund at June 30, 2006 have been restated by \$15,000. The net assets were decreased due to a bond issues understated in the original GASB 34 conversion. Net assets were restated as follows:

Net assets June 30, 2006 as previously stated	\$ 3,277,669
Adjustment for understatement of bond issue	(15,000)
Net assets, restated	<u>\$ 3,262,669</u>

## REQUIRED SUPPLEMENTAL INFORMATION

CITY OF FRANKENMUTH  
**GENERAL FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2007

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	Original Budget	Amended Budget	Revenue and Expenditures Actual
Revenues			
Taxes	\$ 2,106,200	\$ 2,106,200	\$ 2,193,101
State revenue	414,500	414,500	411,800
Licenses and permits	10,000	10,000	9,330
Charges for Service	1,106,167	1,106,167	1,020,293
Fines and forfeits	15,400	15,400	18,579
Other revenues	247,500	247,500	333,104
Total Revenues	<u>3,899,767</u>	<u>3,899,767</u>	<u>3,986,207</u>
Expenditures			
General Government	1,058,159	1,087,659	1,057,303
Public Safety	1,064,844	1,118,209	1,097,272
Highways and streets	111,000	134,500	112,063
Sanitation	286,200	286,200	269,105
Other Expenditures	296,294	296,294	269,356
Total Expenditures	<u>2,816,497</u>	<u>2,922,862</u>	<u>2,805,099</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,083,270</u>	<u>976,905</u>	<u>1,181,108</u>
Other Financing Sources (Uses)			
Operating Transfers In (Out)	<u>(1,083,270)</u>	<u>(1,122,562)</u>	<u>(1,097,563)</u>
Total Other Financing Sources (Uses)	<u>(1,083,270)</u>	<u>(1,122,562)</u>	<u>(1,097,563)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	(145,657)	83,545
Fund Balances, Beginning	<u>1,421,912</u>	<u>1,421,912</u>	<u>1,421,912</u>
Fund Balances, Ending	<u>\$ 1,421,912</u>	<u>\$ 1,276,255</u>	<u>\$ 1,505,457</u>

See independent auditor's report



CITY OF FRANKENMUTH  
**DDA FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Amended Budget	Revenues and Expenditures Actual
Revenues			
Taxes levied	\$ 75,990	\$ 75,990	\$ 75,600
Taxes captured	852,229	852,229	854,087
Total Taxes	<u>928,219</u>	<u>928,219</u>	<u>929,687</u>
Other Revenue			
Special assessments	256,111	256,111	131,721
Interest earnings	5,000	5,000	140,841
Miscellaneous	500	500	500
Total other revenues	<u>261,611</u>	<u>261,611</u>	<u>273,062</u>
Total revenues	<u>1,189,830</u>	<u>1,189,830</u>	<u>1,202,749</u>
Expenditures			
Administration	170,978	170,978	162,857
Maintenance	177,000	177,000	186,797
Total expenditures	<u>347,978</u>	<u>347,978</u>	<u>349,654</u>
Excess of revenues over expenditures	<u>841,852</u>	<u>841,852</u>	<u>853,095</u>
Other financing sources (uses)			
Transfer out	<u>(797,492)</u>	<u>(797,492)</u>	<u>(792,953)</u>
Total other financing sources (uses)	<u>(797,492)</u>	<u>(797,492)</u>	<u>(792,953)</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>44,360</u>	<u>44,360</u>	<u>60,142</u>
Fund balance, beginning	312,340	312,340	312,340
Fund balance, ending	<u>\$ 356,700</u>	<u>\$ 356,700</u>	<u>\$ 372,482</u>

See independent auditor's report

CITY OF FRANKENMUTH  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

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The Debt Service Fund was determined to be a major fund within the governmental activities of the City. As required by GASB Statement 34, governments should report budgetary comparison schedules for each major governmental fund that is required by law to adopt a budget. The City of Frankenmuth was not legally required to adopt a budget for the Debt Service Fund, thus eliminating the requirement to present budgetary comparison information.

## OTHER SUPPLEMENTAL INFORMATION

CITY OF FRANKENMUTH  
GENERAL FUND

City of Frankenmuth  
General Fund  
Comparative Balance Sheets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash	\$ 1,449,227	\$ 1,312,843
Investments	66,077	63,249
Receivables		
Other	5,047	2,915
Accounts	77,947	119,678
Special assessment receivable	18,589	20,345
Due from other funds	152,843	101,603
Due from other governmental units	11,118	66,906
Inventory, supplies	14,776	20,132
Prepaid expenditures	80,777	72,957
Total Assets	<u>\$ 1,876,401</u>	<u>\$ 1,780,628</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 127,184	\$ 119,832
Due to other funds	92,469	114,259
Accrued expenditures	71,603	65,074
Deferred revenue	79,688	59,551
Total Liabilities	<u>370,944</u>	<u>358,716</u>
 Fund balance-Undesignated	 1,505,457	 1,421,912
Total Liabilities and Fund Balance	<u>\$ 1,876,401</u>	<u>\$ 1,780,628</u>

See independent auditor's report

City of Frankenmuth  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	\$ 2,106,200	\$ 2,193,101	\$ 86,901	\$ 2,113,704
State revenue	414,500	411,800	(2,700)	416,414
Licenses and permits	10,000	9,330	(670)	7,825
Charge for services	1,106,167	1,020,293	(85,874)	1,096,677
Fine and forfeits	15,400	18,579	3,179	17,133
Other revenues	247,500	333,104	85,604	566,581
Total revenues	<u>3,899,767</u>	<u>3,986,207</u>	<u>86,440</u>	<u>4,218,334</u>
Expenditures				
General government	1,087,659	1,057,303	(30,356)	1,116,211
Public safety	1,118,209	1,097,272	(20,937)	1,161,710
Highway and streets	134,500	112,063	(22,437)	155,987
Sanitation	286,200	269,105	(17,095)	275,002
Other expenditures	296,294	269,356	(26,938)	269,051
Total expenditures	<u>2,922,862</u>	<u>2,805,099</u>	<u>(117,763)</u>	<u>2,977,961</u>
Excess of revenues over expenditures	<u>976,905</u>	<u>1,181,108</u>	<u>204,203</u>	<u>1,240,373</u>
Other financing sources (uses)				
Operating transfers (net)	(1,122,562)	(1,097,563)	24,999	(984,207)
Total other financing sources (uses)	<u>(1,122,562)</u>	<u>(1,097,563)</u>	<u>24,999</u>	<u>(984,207)</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>(145,657)</u>	<u>83,545</u>	<u>229,202</u>	<u>256,166</u>
Fund balance, beginning	1,421,912	1,421,912	-	1,165,746
Fund balance, ending	<u>\$ 1,276,255</u>	<u>\$ 1,505,457</u>	<u>\$ 229,202</u>	<u>\$ 1,421,912</u>

See independent auditor's report

City of Frankenmuth  
General Fund-Statement of Revenues  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007		2006
	Budget	Actual	Over (Under) Budget
Revenues			
Taxes			
Real property taxes	\$ 1,846,200	\$ 1,870,854	\$ 24,654
Personal property taxes	160,000	216,159	56,159
Administration fee	100,000	106,088	6,088
Total taxes	<u>2,106,200</u>	<u>2,193,101</u>	<u>86,901</u>
State revenues			
State revenue sharing	20,000	17,085	(2,915)
State grant - PA#302	1,500	2,078	578
State shared liquor licenses	12,000	11,374	(626)
State shared statutory	61,000	49,569	(11,431)
State shared constitutional	320,000	331,694	11,694
Total state revenues	<u>414,500</u>	<u>411,800</u>	<u>(2,700)</u>
Fees			
Zoning fees	10,000	9,330	(670)
Total fees	<u>10,000</u>	<u>9,330</u>	<u>(670)</u>
Charges for services			
Marriage fees	250	675	425
Customer services	75,000	113,443	38,443
Reserve police services	4,000	3,874	(126)
Refuse collection	326,000	323,298	(2,702)
Township police services	192,456	192,456	-
Recovery of benefits	100,000	96,495	(3,505)
DPW fringe benefit recovery	126,000	127,544	1,544
Administration fee	282,461	162,508	(119,953)
Total charges for services	<u>1,106,167</u>	<u>1,020,293</u>	<u>(85,874)</u>
Fines and forfeits			
Penalties on tax collections	9,000	15,369	6,369
Ordinance fines	4,000	1,091	(2,909)
Penalties on refuse collection	2,400	2,119	(281)
Total fines and forfeits	<u>15,400</u>	<u>18,579</u>	<u>3,179</u>
Other revenues			
Interest	23,000	77,365	54,365
Sale of fixed assets	5,000	3,120	(1,880)
Donations	155,000	208,614	53,614
Miscellaneous	10,000	15,344	5,344
Tower site leases	30,000	26,905	(3,095)
Special assessments	20,000	1,756	(18,244)
Computer administration	4,500	-	(4,500)
Total other revenues	<u>247,500</u>	<u>333,104</u>	<u>85,604</u>
Total revenues	<u>\$ 3,899,767</u>	<u>\$ 3,986,207</u>	<u>\$ 86,440</u>

See independent auditor's report.

City of Frankenmuth  
General Fund  
Statement of Expenditures  
Budget and Actual (continued)  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
General Government				
Election	\$ 8,500	\$ 7,232	\$ (1,268)	\$ 4,390
Independent audit	9,500	9,100	(400)	9,300
Assessor	29,400	13,921	(15,479)	24,887
General office staff	530,600	511,564	(19,036)	491,918
City-Township hall and grounds	36,445	36,445	-	26,834
City property	96,100	88,500	(7,600)	89,477
City-Township cemetery	2,964	2,964	-	2,316
City Hall	68,500	79,952	11,452	141,025
Other personal services and supplies	305,650	307,625	1,975	326,064
Total General Government	<u>1,087,659</u>	<u>1,057,303</u>	<u>(30,356)</u>	<u>1,116,211</u>
Public Safety				
Police department	907,590	892,909	(14,681)	950,203
Fire protection	194,519	194,519	-	195,414
Flood protection	16,100	9,844	(6,256)	16,093
Total Public Safety	<u>1,118,209</u>	<u>1,097,272</u>	<u>(20,937)</u>	<u>1,161,710</u>
Highways and Streets				
Sidewalks	62,500	37,344	(25,156)	86,507
Street lighting	72,000	74,719	2,719	69,480
Total Highways and Streets	<u>134,500</u>	<u>112,063</u>	<u>(22,437)</u>	<u>155,987</u>
Sanitation				
Refuse collection	<u>286,200</u>	<u>269,105</u>	<u>(17,095)</u>	<u>275,002</u>

See independent auditor's report



City of Frankenmuth  
General Fund  
Statement of Expenditures  
Budget and Actual (Continued)  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Other Expenditures				
Engineering and supervision	57,100	51,763	(5,337)	62,109
City Beautification Committee	162,000	158,000	(4,000)	170,472
Insurance and bonds	25,000	15,896	(9,104)	10,161
Michigan Week activities	3,900	2,067	(1,833)	3,091
Sister City Committee activities	6,000	11,523	5,523	759
Economic Development program	25,000	22,231	(2,769)	14,693
DDA special assessments	4,000	4,033	33	4,150
Other community promotion	13,294	3,843	(9,451)	3,616
Total Other Expenditures	<u>296,294</u>	<u>269,356</u>	<u>(26,938)</u>	<u>269,051</u>
Total Expenditures	<u>2,922,862</u>	<u>2,805,099</u>	<u>(117,763)</u>	<u>2,977,961</u>
Other Financing Uses (Sources)				
Operating transfers out (in)				
Building fund	-	-	-	(26,597)
Major Street Fund	140,000	140,000	-	78,000
Local Street Fund	180,000	180,000	-	133,000
Library Fund	184,000	184,000	-	186,000
Parks and Recreation Fund	279,650	279,650	-	294,500
Block Road	-	-	-	2,265
Debt Service Funds				
2002 Business Park	27,821	27,822	1	27,812
Homestead Village G.O.	17,327	17,025	(302)	17,726
Harvey Kern Pavilion G.O.	197,261	172,263	(24,998)	172,263
2000 DDA G.O.	96,503	96,803	300	99,238
Total Other Financing Uses	<u>1,122,562</u>	<u>1,097,563</u>	<u>(24,999)</u>	<u>984,207</u>
Total Expenditures and Other Financing Uses	<u>\$ 4,045,424</u>	<u>\$ 3,902,662</u>	<u>\$ (142,762)</u>	<u>\$ 3,962,168</u>

See independent auditor's report

CITY OF FRANKENMUTH  
SPECIAL REVENUE FUNDS

Major Street

Local Street

Parks and Recreation

Downtown Development Authority

Drug Law Enforcement

James E. Wickson Memorial Library

Building Department

City of Frankenmuth  
Major Street Fund  
Comparative Balance Sheets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash	\$ 92,914	\$ 16,073
Account receivable	-	250
Due from other governmental units	44,189	44,763
Due from other funds	-	30,000
Special assessment receivable	73,145	92,319
Total Assets	<u>\$ 210,248</u>	<u>\$ 183,405</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 23,649	\$ 19,908
Due to other funds	42,185	38,750
Deferred revenue	63,220	81,202
Total Liabilities	<u>129,054</u>	<u>139,860</u>
 Fund balance-Undesignated	 81,194	 43,545
Total Liabilities and Fund Balance	<u>\$ 210,248</u>	<u>\$ 183,405</u>

See independent auditor's report

City of Frankenmuth  
Major Street Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
State revenue				
Local roads program	\$ 7,500	\$ 7,817	\$ 317	\$ 7,790
State gas and weight tax	215,000	226,574	11,574	227,512
Trunkline maintenance	23,000	30,075	7,075	26,982
Total State Revenues	<u>245,500</u>	<u>264,466</u>	<u>18,966</u>	<u>262,284</u>
Federal	<u>-</u>	<u>36,225</u>	<u>36,225</u>	<u>-</u>
Other revenues				
Interest	8,500	10,283	1,783	9,651
Miscellaneous	-	3,456	3,456	-
Special Assessments	12,000	17,982	5,982	18,507
Total Other Revenues	<u>20,500</u>	<u>31,721</u>	<u>11,221</u>	<u>28,158</u>
Total Revenues	<u>266,000</u>	<u>332,412</u>	<u>66,412</u>	<u>290,442</u>
Expenditures				
Highway and Streets				
Improvements	65,000	949	(64,051)	18,263
Routine maintenance	67,000	152,701	85,701	50,216
Traffic services, maintenance	22,000	15,813	(6,187)	18,579
Signal charges and channel service	12,500	14,676	2,176	12,717
Winter maintenance	22,000	17,837	(4,163)	25,284
Admin. and engineering	22,000	27,064	5,064	27,681
State Trunkline maintenance	30,000	34,939	4,939	23,227
Tree planting and maintenance	13,000	31,361	18,361	15,386
Sidewalks	-	393	393	-
Total Expenditures	<u>253,500</u>	<u>295,733</u>	<u>42,233</u>	<u>191,353</u>
Excess of Revenues Over Expenditures	<u>12,500</u>	<u>36,679</u>	<u>24,179</u>	<u>99,089</u>
Other Financing Sources (Uses)				
Operating transfers in	140,000	140,000	-	80,265
Debt service payment and transfers out	<u>(137,331)</u>	<u>(139,030)</u>	<u>(1,699)</u>	<u>(142,181)</u>
Total Other Financing Sources (Uses)	<u>2,669</u>	<u>970</u>	<u>(1,699)</u>	<u>(61,916)</u>
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>15,169</u>	<u>37,649</u>	<u>22,480</u>	<u>37,173</u>
Fund Balance, Beginning	<u>43,545</u>	<u>43,545</u>	<u>-</u>	<u>6,372</u>
Fund Balance, Ending	<u>\$ 58,714</u>	<u>\$ 81,194</u>	<u>\$ 22,480</u>	<u>\$ 43,545</u>
See independent auditor's report.				

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# Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner  
Giacamo Provenzano  
James R. Schauman  
Heather A. Thomas

## INDEPENDENT AUDITOR'S REPORT

October 18, 2007

Honorable Mayor and Members  
of the Frankenmuth City Council  
City of Frankenmuth  
Frankenmuth, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Frankenmuth, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Frankenmuth, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with United States generally accepted auditing standards and standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



City of Frankenmuth  
Local Street Fund  
Comparative Balance Sheets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash	\$ 7,716	\$ 13,309
Due from other governmental units	17,376	15,398
Due from other funds	262	15,000
Special assessment receivable	24,089	34,184
Total Assets	<u>\$ 49,443</u>	<u>\$ 77,891</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 213	\$ 4,964
Due to other funds	16,950	28,498
Deferred revenue	15,857	25,815
Total Liabilities	<u>33,020</u>	<u>59,277</u>
 Fund balance-Undesignated	 16,423	 18,614
Total Liabilities and Fund Balance	<u>\$ 49,443</u>	<u>\$ 77,891</u>

See independent auditor's report

City of Frankenmuth  
Local Street Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenues</b>				
State revenue				
Local roads program	\$ 3,000	\$ 3,082	\$ 82	\$ 3,087
State gas and weight tax	86,000	91,285	5,285	90,167
Total State Revenues	89,000	94,367	5,367	93,254
Other revenues				
Interest	4,200	3,273	(927)	3,521
Miscellaneous	-	7,794	7,794	7
Special Assessments	15,000	9,958	(5,042)	10,899
Total Other Revenues	19,200	21,025	1,825	14,427
Total Revenues	108,200	115,392	7,192	107,681
<b>Expenditures</b>				
Highway and Streets				
Improvements	91,500	254,136	162,636	55,527
Routine maintenance	66,000	88,211	22,211	80,604
Traffic services, maintenance	7,200	4,358	(2,842)	7,040
Winter maintenance	30,000	24,091	(5,909)	28,486
Admin. and engineering	9,000	8,904	(96)	9,017
Tree planting and maintenance	73,200	87,038	13,838	56,147
Sidewalks	-	1,484	1,484	-
Total Expenditures	276,900	468,222	191,322	236,821
Excess of Revenues Over Expenditures	(168,700)	(352,830)	(184,130)	(129,140)
Other Financing Sources (Uses)				
Operating transfer in	213,000	369,759	156,759	166,000
Operating transfer out	(19,042)	(19,120)	(78)	(21,090)
Total Other Financing Sources (Uses)	193,958	350,639	156,681	144,910
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	25,258	(2,191)	(27,449)	15,770
Fund Balance, Beginning	18,614	18,614	-	2,844
Fund Balance, Ending	\$ 43,872	\$ 16,423	\$ (27,449)	\$ 18,614

See independent auditor's report

City of Frankenmuth  
Parks and Recreation Fund  
Comparative Balance Sheets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash	\$ 80,426	\$ 72,952
Accounts receivable	17,644	63,136
Due from other funds	17,807	9,549
Prepaid expenditures	6,427	6,611
Total Assets	<u>\$ 122,304</u>	<u>\$ 152,248</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 14,628	\$ 17,433
Due to other funds	25,005	31,531
Deferred revenue	29,912	19,410
Accrued expenditures	-	1,528
Total Liabilities	<u>69,545</u>	<u>69,902</u>
Fund balance-Undesignated	<u>52,759</u>	<u>82,346</u>
Total Liabilities and Fund Balance	<u>\$ 122,304</u>	<u>\$ 152,248</u>

See independent auditor's report

City of Frankenmuth  
Parks and Recreation Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Other Governmental Units				
Frankenmuth Township	\$ 12,000	\$ 12,000	\$ -	\$ 11,500
Blumfield Township	3,000	2,400	(600)	-
Total Other Governmental Units	<u>15,000</u>	<u>14,400</u>	<u>(600)</u>	<u>11,500</u>
Charges for Services				
Men's basketball	5,000	2,264	(2,736)	4,737
Men's volleyball	900	776	(124)	737
Women's volleyball	1,500	1,626	126	1,625
Men's slow pitch	7,500	13,020	5,520	10,084
Women's softball	2,500	2,567	67	1,037
Youth league	9,000	8,179	(821)	8,677
Swimming lessons	5,000	324	(4,676)	4,888
Pool admissions and rental	6,500	5,918	(582)	8,703
Co-ed volleyball	600	560	(40)	664
AYSO soccer	8,000	2,569	(5,431)	4,835
Miscellaneous	9,000	10,112	1,112	15,029
Cross country skis rental	-	805	805	-
Ball diamonds rental	900	2,232	1,332	-
Park facilities rental	70,800	54,339	(16,461)	60,784
Total Charge for Services	<u>127,200</u>	<u>105,291</u>	<u>(21,909)</u>	<u>121,800</u>
Other Revenue				
Interest	4,000	5,773	1,773	4,986
Donations	5,500	24,381	18,881	418,018
Utilities reimbursement	10,000	9,980	(20)	11,930
Miscellaneous	2,000	6,196	4,196	2,300
Nonresident fees	6,000	4,925	(1,075)	4,622
Total Other Revenues	<u>27,500</u>	<u>51,255</u>	<u>23,755</u>	<u>441,856</u>
Total Revenues	<u>\$ 169,700</u>	<u>\$ 170,946</u>	<u>\$ 1,246</u>	<u>\$ 575,156</u>

See independent auditor's report.

City of Frankenmuth  
Parks and Recreation Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (continued)  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Administration	\$ 149,700	\$ 145,814	\$ (3,886)	\$ 163,433
Park Division				
Capital improvements	52,000	18,663	(33,337)	432,661
Utilities	40,000	36,547	(3,453)	35,758
Maintenance				
Memorial Park	62,500	48,187	(14,313)	50,752
Heritage Park	55,000	67,917	12,917	70,292
Other parks	32,000	49,625	17,625	46,968
Band Shell	-	5,167	5,167	6,218
Total Parks Division	241,500	226,106	(15,394)	642,649
Recreation				
Swimming pool	32,000	19,188	(12,812)	32,207
Tennis	500	956	456	169
Ball diamonds	15,000	16,578	1,578	15,617
Skating rink	500	5,660	5,160	-
Volleyball	1,650	999	(651)	1,305
Men's basketball	5,000	3,601	(1,399)	5,421
Men's slow pitch	5,000	6,911	1,911	6,103
Women's softball	1,300	1,369	69	1,708
Youth league	15,000	7,608	(7,392)	7,941
AYSO Soccer	2,500	3,718	1,218	4,782
Miscellaneous	17,566	24,675	7,109	20,714
Total Recreation Division	96,016	91,263	(4,753)	95,967
Total Expenditures	487,216	463,183	(24,033)	902,049
Excess (Deficiency) of Revenues Over Expenditures	(317,516)	(292,237)	25,279	(326,893)
Other Financing Sources				
Operating transfers in	279,650	279,650	-	294,500
Operating transfers out	-	(17,000)	(17,000)	(15,000)
Total Other Financing Sources	279,650	262,650	(17,000)	279,500
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(37,866)	(29,587)	8,279	(47,393)
Fund Balance, Beginning	82,346	82,346	-	129,739
Fund Balance, Ending	\$ 44,480	\$ 52,759	\$ 8,279	\$ 82,346

See independent auditor's report.

City of Frankenmuth  
Downtown Development Authority Fund  
Comparative Balance Sheets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash	\$ 265,504	\$ 212,228
Accounts receivable	2,643	4,469
Due from other funds	266	24,624
Special assessment receivable	1,910,630	2,043,290
Prepaid expenditures	1,714	1,562
Total Assets	<u>\$ 2,180,757</u>	<u>\$ 2,286,173</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 14,508	\$ 43,306
Due to other funds	10,763	15,418
Deferred revenue	1,780,395	1,913,026
Accrued expenditures	2,609	2,083
Total Liabilities	<u>1,808,275</u>	<u>1,973,833</u>
 Fund balance	 <u>372,482</u>	 <u>312,340</u>
Total Liabilities and Fund Balance	<u>\$ 2,180,757</u>	<u>\$ 2,286,173</u>

See independent auditor's report.

City of Frankenmuth  
Downtown Development Authority Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenues</b>				
Taxes levied	\$ 75,990	\$ 75,600	\$ (390)	\$ 84,653
Taxes captured	852,229	854,087	1,858	691,739
Total Taxes	928,219	929,687	1,468	776,392
<b>Other Revenue</b>				
Special assessments	256,111	131,721	(124,390)	143,055
Interest earnings	5,000	140,841	135,841	141,113
Miscellaneous	500	500	-	1,191
Total other revenues	261,611	273,062	11,451	285,359
Total revenues	1,189,830	1,202,749	12,919	1,061,751
<b>Expenditures</b>				
Administration	170,978	162,857	(8,121)	187,000
Maintenance	177,000	186,797	9,797	201,359
Total expenditures	347,978	349,654	1,676	388,359
Excess of revenues over expenditures	841,852	853,095	11,243	673,392
<b>Other financing sources (uses)</b>				
Transfer out	(797,492)	(792,953)	4,539	(795,048)
Total other financing sources (uses)	(797,492)	(792,953)	4,539	(795,048)
Excess revenues and other financing sources over expenditures and other (uses)	44,360	60,142	15,782	(121,656)
Fund balance, beginning	312,340	312,340	-	433,996
Fund balance, ending	\$ 356,700	\$ 372,482	\$ 15,782	\$ 312,340

See independent auditor's report

City of Frankenmuth  
Downtown Development Authority  
Operating Statistics  
For the Year Ended June 30, 2007

Memo Information:

	Ad Valorem		CFT/IFT	Total
	Real	Personal	Real/ Personal	
<u>Initial assessed value:</u>	<u>\$ 29,416,400</u>	<u>\$ 10,046,900</u>	<u>\$ 2,753,250</u>	<u>\$ 42,216,550</u>
<u>Captured taxable value:</u>				
Year ended June 30, 2007	\$ 40,067,165	\$ 4,395,000	\$ (2,368,489)	\$ 42,093,676
Year ended June 30, 2006	\$ 37,289,823	\$ 2,042,300	\$ (2,387,450)	\$ 36,944,673
Year ended June 30, 2005	\$ 37,338,129	\$ 1,771,700	\$ (2,341,050)	\$ 36,768,779
Year ended June 30, 2004	\$ 32,951,377	\$ 735,377	\$ (1,878,450)	\$ 31,808,304
Year ended June 30, 2003	\$ 31,261,176	\$ 354,755	\$ (1,780,900)	\$ 29,835,031

See independent auditor's report



City of Frankenmuth  
Drug Law Enforcement Fund  
Comparative Balance Sheets  
June 30, 2007 and 2006

	<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash		\$ 1,429	\$ 3,358
Total Assets		<u>\$ 1,429</u>	<u>\$ 3,358</u>
	<u>Fund Balance</u>		
Fund balance		\$ 1,429	\$ 3,358
Total Fund Balance		<u>\$ 1,429</u>	<u>\$ 3,358</u>

See independent auditor's report.

City of Frankenmuth  
Drug Law Enforcement Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Drug forfeiture	\$ 1,100	\$ 458	\$ (642)	\$ 2,420
Total revenue	<u>1,100</u>	<u>458</u>	<u>(642)</u>	<u>2,420</u>
Other Revenue				
Interest earnings	50	131	81	128
Total other revenues	<u>50</u>	<u>131</u>	<u>81</u>	<u>128</u>
Total revenues	<u>1,150</u>	<u>589</u>	<u>(561)</u>	<u>2,548</u>
Expenditures				
Miscellaneous	1,150	1,650	500	-
New equipment	-	868	868	2,306
Total expenditures	<u>1,150</u>	<u>2,518</u>	<u>1,368</u>	<u>2,306</u>
Excess of revenues over expenditures	<u>-</u>	<u>(1,929)</u>	<u>(1,929)</u>	<u>242</u>
Fund balance, beginning	3,358	3,358	-	3,116
Fund balance, ending	<u>\$ 3,358</u>	<u>\$ 1,429</u>	<u>\$ (1,929)</u>	<u>\$ 3,358</u>

See independent auditor's report

City of Frankenmuth  
James E. Wickson Memorial Library Fund  
Comparative Balance Sheets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash	\$ 129,347	\$ 112,206
Investments	50,151	48,005
Due from other governmental units	31,984	31,873
Due from other funds	1,150	-
Prepaid expenditures	7,210	7,244
Total Assets	<u>\$ 219,842</u>	<u>\$ 199,328</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 10,067	\$ 6,436
Due to other funds	2,177	3,175
Deferred revenue	43,531	44,486
Total Liabilities	<u>55,775</u>	<u>54,097</u>
 Fund Balance	 <u>164,067</u>	 <u>145,231</u>
Total Liabilities and Fund Balance	<u>\$ 219,842</u>	<u>\$ 199,328</u>

See independent auditor's report.

City of Frankenmuth  
James E. Wickson Memorial Library Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
State aid, City	\$ 4,200	\$ 3,484	\$ (716)	\$ 3,184
State aid, Township	1,800	1,960	160	1,791
Total State	<u>6,000</u>	<u>5,444</u>	<u>(556)</u>	<u>4,975</u>
Other governmental units				
Frankenmuth Twp	10,000	10,000	-	10,000
Blumfield Twp	<u>3,100</u>	<u>2,500</u>	<u>(600)</u>	<u>3,100</u>
Total governmental units	<u>13,100</u>	<u>12,500</u>	<u>(600)</u>	<u>13,100</u>
Fines				
Library books	4,000	4,824	824	3,958
City-Penal	18,000	20,564	2,564	20,658
Township-penal	<u>8,000</u>	<u>8,709</u>	<u>709</u>	<u>8,718</u>
Total Fines	<u>30,000</u>	<u>34,097</u>	<u>4,097</u>	<u>33,334</u>
Other Revenues				
Interest	2,000	10,150	8,150	6,746
Donations and contributions	15,000	23,594	8,594	60,860
VHS rental	3,000	2,427	(573)	2,987
Miscellaneous	<u>5,000</u>	<u>5,329</u>	<u>329</u>	<u>5,808</u>
Total other revenues	<u>25,000</u>	<u>41,500</u>	<u>16,500</u>	<u>76,401</u>
Total Revenues	<u>\$ 74,100</u>	<u>\$ 93,541</u>	<u>\$ 19,441</u>	<u>\$ 127,810</u>

See independent auditor's report

City of Frankenmuth  
James E. Wickson Memorial Library Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (continued)  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Salaries	\$ 156,000	\$ 134,772	\$ (21,228)	\$ 145,232
Fringe benefits	35,000	18,615	(16,385)	16,936
Office supplies and postage	7,500	4,607	(2,893)	6,367
Operating supplies	2,500	3,335	835	2,767
Magazines and newspapers	6,000	5,607	(393)	5,711
Memberships and dues	3,800	3,276	(524)	2,945
Transportation and conferences	1,200	417	(783)	318
Insurance	4,000	3,044	(956)	2,627
Utilities	25,000	19,778	(5,222)	19,288
Maintenance and repairs	9,400	18,970	9,570	14,425
Equipment maintenance and support	11,000	9,861	(1,139)	40,472
Office equipment and furniture	9,000	6,841	(2,159)	1,726
Books	27,000	22,677	(4,323)	23,995
Audio-visual materials	2,500	2,956	456	2,733
Video cassettes	2,000	1,144	(856)	1,310
Miscellaneous	3,000	2,805	(195)	3,149
Total expenditures	<u>304,900</u>	<u>258,705</u>	<u>(46,195)</u>	<u>290,001</u>
Excess (Deficiency) of revenues over expenditures	<u>(230,800)</u>	<u>(165,164)</u>	<u>65,636</u>	<u>(162,191)</u>
Other financing sources				
Operating transfers in	<u>184,000</u>	<u>184,000</u>	<u>-</u>	<u>186,000</u>
Total other financing sources	<u>184,000</u>	<u>184,000</u>	<u>-</u>	<u>186,000</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	<u>(46,800)</u>	<u>18,836</u>	<u>65,636</u>	<u>23,809</u>
Fund balance, beginning	<u>145,231</u>	<u>145,231</u>	<u>-</u>	<u>121,422</u>
Fund balance, ending	<u>\$ 98,431</u>	<u>\$ 164,067</u>	<u>\$ 65,636</u>	<u>\$ 145,231</u>
See independent auditor's report.				

City of Frankenmuth  
Building Department Fund  
Balance Sheet  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Cash	\$ 48,931	\$ 99,775
Accounts Receivable	222	32
Accrued interest receivable	59	106
Due from other funds	-	554
Prepaid expenditures	3,840	3,833
Total Assets	<u>\$ 53,052</u>	<u>\$ 104,300</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts Payable	\$ 188	\$ 15,328
Due to other funds	866	27,564
Total Liabilities	<u>1,054</u>	<u>42,892</u>
 Fund balance	 51,998	 61,408
Total Liabilities and Fund Balance	<u>\$ 53,052</u>	<u>\$ 104,300</u>

See independent auditor's report

City of Frankenmuth  
Building Department Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenues</b>				
Building permits and plan reviews	\$ 60,000	\$ 28,562	\$ (31,438)	\$ 44,461
Plumbing permits and plan reviews	10,000	7,473	(2,527)	11,756
Electrical permits and plan reviews	18,000	13,467	(4,533)	17,531
Mechanical permits and plan reviews	12,000	13,051	1,051	12,702
Interest	300	328	28	445
Miscellaneous	-	407	407	162
Total Revenues	<u>100,300</u>	<u>63,288</u>	<u>(37,012)</u>	<u>87,057</u>
<b>Expenditures</b>				
Administration	40,300	17,667	(22,633)	23,327
Building Inspection	36,000	35,511	(489)	38,218
Plumbing/Mechanical Inspections	13,000	9,106	(3,894)	12,280
Electrical Inspections	11,000	10,414	(586)	12,209
Total Expenditures	<u>100,300</u>	<u>72,698</u>	<u>(27,602)</u>	<u>86,034</u>
Excess (Deficiency) of revenues over expenditures	<u>-</u>	<u>(9,410)</u>	<u>(9,410)</u>	<u>1,023</u>
Other financing sources (uses)				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,925)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,925)</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	<u>-</u>	<u>(9,410)</u>	<u>(9,410)</u>	<u>(40,902)</u>
Fund Balance, Beginning	61,408	61,408	-	102,310
Fund Balance, Ending	<u>\$ 61,408</u>	<u>\$ 51,998</u>	<u>\$ (9,410)</u>	<u>\$ 61,408</u>

See independent auditor's report.

CITY OF FRANKENMUTH  
DEBT SERVICE FUNDS

1986 G.O. Summergreen/Churchgrove

1988 G.O. Homestead Village

1992 Woodland Acres

1997 S.A. DDA

2000 G.O. Streetscape

Debt Service DDA

1999 W. Tuscola G.O.

1999 W. Tuscola S.A.

1999 DDA S.A.

2000 DDA S.A.

1999 MTF

2001 Georgetown G.O.



City of Frankenmuth  
Debt Service Funds  
Combining Balance Sheet  
June 30, 2007  
(With Comparative Totals for the Year Ended June 30, 2006)

	1986 Summergreen Churchgrove G.O. Bonds	1988 Homestead Village G.O. Bonds	1992 Woodland Acres Bond	Totals	
				2007	2006
<u>Assets</u>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 22,461
Investments	-	51,927	-	51,927	49,703
Special assessment receivable	785	-	14,551	15,336	19,776
Due from other funds	27,122	-	21,042	48,164	18,336
Total Assets	<u>\$ 27,907</u>	<u>\$ 51,927</u>	<u>\$ 35,593</u>	<u>\$ 115,427</u>	<u>\$ 110,276</u>
<u>Liabilities and Fund Balances</u>					
Due to other funds	\$ -	\$ -	\$ 1,847	\$ 1,847	\$ 896
Deferred special assessments	-	-	13,001	13,001	15,336
Total Liabilities	<u>-</u>	<u>-</u>	<u>14,848</u>	<u>14,848</u>	<u>16,232</u>
Reserved fund balances	27,907	51,927	20,745	100,579	94,044
Total Liabilities and Fund Balances	<u>\$ 27,907</u>	<u>\$ 51,927</u>	<u>\$ 35,593</u>	<u>\$ 115,427</u>	<u>\$ 110,276</u>

See independent auditor's report

City of Frankenthulth  
Debt Service Funds  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2007  
(With Comparative Actual Amounts for the Year Ended June 30, 2006)

	1988	1988	1992	1997	2000	Debt	1999	1999	2000	1999	2001	Totals
	Summitgreen	Homeslead	Woodland	S.A.	G.O.	Service	W. Tuscola	S.A.	S.A.	MTF	Georgetown	
	G.O. Bonds	Village	Acres	DDA	Streetscape	DDA	G.O. Bonds	DDA	DDA		G.O.	2006
			Bond									2007
<b>Revenues</b>												
Special assessments	\$ 785	\$ -	\$ 1,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,336
Interest	876	2,224	1,099	-	-	-	-	-	-	-	-	\$ 4,441
Total revenues	1,661	2,224	2,650	-	-	-	-	-	-	-	-	6,535
<b>Expenditures</b>												
Debt service												
Principal retirement	-	15,000	-	60,000	55,000	342,200	25,000	15,000	15,000	25,000	11,400	588,600
Interest and fiscal charges	-	2,025	-	47,060	41,503	271,314	9,128	17,068	13,168	11,075	7,642	429,109
Other expenditures	-	-	-	300	300	1,518	350	-	325	1,000	78	4,221
Total expenditures	-	17,025	-	107,360	96,803	615,032	34,478	32,068	28,493	37,075	19,120	1,021,930
Excess (deficiency) of revenues over expenditures	1,661	(14,801)	2,650	(107,360)	(96,803)	(615,032)	(34,478)	(32,068)	(28,493)	(37,075)	(19,120)	(1,015,395)
<b>Other financing sources (uses)</b>												
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in (out)	-	17,025	-	107,360	96,803	615,032	34,478	32,068	28,493	37,075	19,120	3,260,000
Total other financing sources (uses)	-	17,025	-	107,360	96,803	615,032	34,478	32,068	28,493	37,075	19,120	1,021,930
Excess revenues and other financing sources over expenditures	1,661	2,224	2,650	-	-	-	-	-	-	-	-	6,535
Fund balance, beginning	26,246	49,703	18,095	-	-	-	-	-	-	-	-	94,044
Fund balance, ending	\$ 27,907	\$ 51,927	\$ 20,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,579
												\$ 94,044
												\$ 94,044

See independent auditor's report

CITY OF FRANKENMUTH  
CAPITAL PROJECTS FUNDS

Kingsbrook/E. Tuscola

City of Frankenmuth  
Capital Projects Fund  
Balance Sheet  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Accounts Receivable	\$ 8,208	\$ -
Due from other funds	-	2,697
Due from other governmental units	-	24,065
Total Assets	<u>\$ 8,208</u>	<u>\$ 26,762</u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 8,208	\$ 2,700
Due to other funds	-	24,062
Total Liabilities	<u>8,208</u>	<u>26,762</u>
Fund balance	-	-
Total Liabilities and Fund Balances	<u>\$ 8,208</u>	<u>\$ 26,762</u>

See independent auditor's report.

City of Frankenmuth  
Capital Projects Funds  
Statement of Revenue, Expenditures and Changes in Fund Balance  
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenue		
Federal Revenue	\$ -	\$ 24,065
Contributions	256,981	4,927
Interest	-	362
Total Revenue	<u>256,981</u>	<u>29,354</u>
Expenditures		
Capital Project	-	59,177
Total Expenditures	<u>-</u>	<u>59,177</u>
Excess (Deficiency) of Revenues over Expenses	<u>256,981</u>	<u>(29,823)</u>
Other Financing Sources (uses)		
Transfers in	-	6,257
Transfers (out)	(256,981)	(327,433)
Total Other Financing Sources (use)	<u>(256,981)</u>	<u>(321,176)</u>
Excess (Deficiency) of Revenues Over Other Financing Sources (Uses)	-	(350,999)
Fund Balance, Beginning	-	350,999
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

CITY OF FRANKENMUTH  
WASTE WATER ENTERPRISE FUND

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statements of Net Assets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash	\$ 156,099	\$ 117,877
Accounts receivable	330,469	162,695
Due from other funds	1,747	4,905
Special assessments receivable	53,190	49,553
Inventory		
Supplies	2,166	2,806
Chemicals	15,450	3,129
Prepaid Expenses	16,677	18,533
Total Current Assets	<u>575,798</u>	<u>359,498</u>
Restricted Assets		
Accounts Receivable	7,196,443	7,874,240
Total Restricted Assets	<u>7,196,443</u>	<u>7,874,240</u>
Other Assets		
Special assessments receivable net of current portion	<u>479,515</u>	<u>522,655</u>
Property, Plant, & Equipment		
Land	6,090	6,090
Buildings	18,529,517	18,105,925
Machinery and Equipment	1,083,782	1,012,668
Collection Systems	2,886,833	2,886,832
Furniture and fixtures	30,255	30,255
Less accumulated depreciation	<u>(11,994,930)</u>	<u>(11,145,056)</u>
Net Property, Plant and Equipment	<u>10,541,547</u>	<u>10,896,714</u>
Total Assets	<u>\$ 18,793,303</u>	<u>\$ 19,653,107</u>

See independent auditor's report.

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statements of Net Assets (continued)  
June 30, 2007 and 2006

<u>Liabilities and Fund Equity</u>	<u>2007</u>	<u>2006</u>
Current Liabilities		
Accounts Payable	\$ 185,503	\$ 90,116
Accrued Payroll	6,965	6,194
Due to other funds	424,955	23,298
Deferred Special		
Assessment Revenue	479,518	523,213
Current Portion of Long-Term Debt	622,200	716,300
Total Current Liabilities	<u>1,719,141</u>	<u>1,359,121</u>
Long-Term Liabilities		
Bonds Payable (net of current		
portion and unamortized discount)	<u>6,310,671</u>	<u>6,929,421</u>
Total Liabilities	<u>8,029,812</u>	<u>8,288,542</u>
Net Assets		
Investment in capital assets-		
Net of related debt	3,608,676	3,250,993
Unrestricted	<u>7,154,815</u>	<u>8,113,572</u>
Total Net Assets	<u>10,763,491</u>	<u>11,364,565</u>
Total Liabilities and		
Net Assets	<u>\$ 18,793,303</u>	<u>\$ 19,653,107</u>

See independent auditor's report.



City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statement of Revenues, Expenses and Changes in Net Assets  
For the Years Ended June 30, 2007 and June 30, 2006

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Sewage Disposal Charges		
Industrial	\$ 9,640	\$ 10,918
Residential	325,515	294,860
Commercial	360,012	307,895
Major commercial	166,063	134,628
Municipality	4,279	4,834
Penalties on late payments	7,783	7,344
Total Operating Revenues	<u>873,292</u>	<u>760,479</u>
Operating Expenses		
Transmission Maintenance	178,536	119,597
Sewage Purification	1,457,381	1,445,014
Administration	221,536	215,916
Customer Services	307	5,022
Total Operating Expenses	<u>1,857,760</u>	<u>1,785,549</u>
Operating Income (Loss)	<u>(984,468)</u>	<u>(1,025,070)</u>
Non-Operating Revenues (Expense)		
Interest	35,979	41,366
Special Assessments	68,920	87,105
Miscellaneous	3,175	2,752
Total Non-Operating Revenues (Expenses)	<u>108,074</u>	<u>131,223</u>
Income before other revenues	(876,394)	(893,847)
Other Revenue		
Capital Contributions	275,320	93,149
Total Other Revenue	<u>275,320</u>	<u>93,149</u>
Increase (decrease) in net assets	<u>\$ (601,074)</u>	<u>\$ (800,698)</u>

See independent auditor's report.

City of Frankenmuth  
Waste Water Treatment Enterprise Fund  
Statement of Operating Expenses  
For the Years Ended June 30, 2007 and 2006

	2007	2006
Transmission Maintenance		
Wages and Salaries	\$ 51,686	\$ 51,743
Repairs and Maintenance	5,749	5,453
Equipment Rental	19,321	19,800
Contracted Services	101,780	42,601
Total Transmission Maintenance	<u>178,536</u>	<u>119,597</u>
Sewage Purification		
Wages and Salaries	207,107	217,615
Operating Supplies	6,978	7,235
Chemicals	38,546	46,954
Tools and Supplies	13,295	12,242
Utilities	155,437	129,688
Building and Grounds Maintenance	31,649	34,133
Equipment Maintenance	40,383	33,040
Equipment Rental	449	691
Contracted Services	113,663	105,223
Depreciation	849,874	858,193
Total Sewage Purification	<u>1,457,381</u>	<u>1,445,014</u>
Administration		
Administration	44,000	42,000
Wages and Salaries	8,964	9,572
Fringe Benefits	113,606	112,065
Office Supplies	3,260	3,503
Safety Equipment	2,215	2,063
Professional Services	130	130
Computer Services	905	70
Equipment Maint. & Support	1,774	297
Association Dues	520	317
Telephone, Pagers	3,817	4,307
Transportation and Conference	12,806	11,869
Insurance	22,759	23,693
Regulating Fees	6,780	6,030
Total Administration	<u>221,536</u>	<u>215,916</u>
Customer Service		
Wages and Salaries	242	2,031
Supplies	16	1,708
Equipment Rental	49	1,283
Total Customer Service	<u>307</u>	<u>5,022</u>
Total Operating Expenses	<u>\$ 1,857,760</u>	<u>\$ 1,785,549</u>

See independent auditor's report.

CITY OF FRANKENMUTH  
WATER ENTERPRISE FUND

City of Frankenmuth  
Water Enterprise Fund  
Statements of Net Assets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash	\$ 1,141,638	\$ 1,105,201
Accounts receivable	154,593	157,681
Special assessments receivable	13,673	17,092
Due from other funds	312,536	15,047
Inventory	43,439	40,201
Prepaid Expenses	7,947	11,490
Total Current Assets	<u>1,673,826</u>	<u>1,346,712</u>
Restricted Assets		
Accounts Receivable	<u>1,151,600</u>	<u>1,246,700</u>
Total Restricted Assets	<u>1,151,600</u>	<u>1,246,700</u>
Other Assets		
Special assessments receivable net of current portion	<u>84,380</u>	<u>86,546</u>
Property, Plant, & Equipment		
Land	16,873	16,873
Buildings	174,723	174,723
Water Towers	533,842	533,842
Machinery and Equipment	255,718	248,117
Meters and Boxes	338,420	327,033
Distribution System	6,135,353	6,080,757
Furniture and Fixtures	29,237	29,237
Less accumulated depreciation	<u>(3,791,735)</u>	<u>(3,527,747)</u>
Net Property, Plant and Equipment	<u>3,692,431</u>	<u>3,882,835</u>
Total Assets	<u>\$ 6,602,237</u>	<u>\$ 6,562,793</u>

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statements of Net Assets (continued)  
June 30, 2007 and 2006

<u>Liabilities and Fund Equity</u>	<u>2007</u>	<u>2006</u>
Current Liabilities		
Accounts Payable	\$ 74,643	\$ 79,526
Accrued Payroll	816	468
Due to other funds	24,447	27,901
Deferred Special		
Assessment Revenue	84,027	88,917
Current Portion of Long-Term Debt	97,800	94,050
Total Current Liabilities	<u>281,733</u>	<u>290,862</u>
Long-Term Liabilities		
Bonds Payable (net of		
current portion)	<u>1,054,800</u>	<u>1,153,650</u>
Total Liabilities	<u>1,336,533</u>	<u>1,444,512</u>
Net Assets		
Investment in capital assets-		
Net of related debt	2,539,831	2,635,135
Unrestricted	<u>2,725,873</u>	<u>2,483,146</u>
Total Net Assets	<u>5,265,704</u>	<u>5,118,281</u>
Total Liabilities and		
Net Assets	<u>\$ 6,602,237</u>	<u>\$ 6,562,793</u>

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statements of Revenues, Expenses and Changes in Net Assets  
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Water Sales, City	\$ 1,089,842	\$ 1,187,522
Water Sales, Township	190,184	201,047
Penalties on Late Payments	7,243	7,856
Hydrant Rental	8,000	8,000
Other Revenue	13,115	18,311
Total Operating Revenues	<u>1,308,384</u>	<u>1,422,736</u>
Operating Expenses		
Distribution System		
Maintenance, Township	23,948	16,289
Distribution System		
Maintenance, City	108,418	112,565
Purification	955,167	1,054,481
Administration	178,196	127,694
Customer Services	31,258	43,428 <sup>1</sup>
Total Operating Expenses	<u>1,296,987</u>	<u>1,354,457</u>
Operating Income (Loss)	<u>11,397</u>	<u>68,279</u>
Non-Operating Revenues (Expense)		
Interest	49,756	28,198
Special Assessments	21,718	47,699
Total Non-Operating		
Revenues (Expenses)	<u>71,474</u>	<u>75,897</u>
Income before other revenues	82,871	144,176
Other Revenues		
Capital Contributions	64,552	510,261
Total Other Revenues	<u>64,552</u>	<u>510,261</u>
Net Income (Loss)	<u>\$ 147,423</u>	<u>\$ 654,437</u>

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statement of Operating Expenses  
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Expenses		
Distribution System		
Maintenance, Township		
Wages and Salaries	\$ 15,505	\$ 9,800
Other	1,842	1,233
Equipment Rental	6,601	5,256
Total Distribution System Maintenance, Township	<u>23,948</u>	<u>16,289</u>
Distribution System Maintenance, City		
Wages and Salaries	71,007	66,770
Repairs and Maintenance	11,590	14,883
Equipment Rental	19,185	16,992
Contracted Services	6,636	13,920
Total Distribution System Maintenance, City	<u>108,418</u>	<u>112,565</u>
Purification		
Wages and Salaries	60,446	63,691
Operating Supplies	679	1,020
Tools and Supplies	1,141	949
Utilities	1,802	1,332
Water Purchase	621,226	737,670
Building and Grounds Maintenance	3,550	3,642
Equipment Maintenance	1,735	1,194
Contracted Services	559	521
Equipment Rental	41	4
Depreciation	263,988	244,458
Total Purification	<u>955,167</u>	<u>1,054,481</u>

See independent auditor's report.

City of Frankenmuth  
Water Enterprise Fund  
Statement of Operating Expenses (continued)  
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Administration		
Administration, general	\$ 28,000	\$ 26,000
Fringe Benefits	37,430	35,924
Office Supplies	1,436	1,173
Postage	2,575	1,987
Safety Equipment	453	666
Computer Services	1,211	1,320
Association Dues	450	652
Telephone, Pagers, Cell	3,018	2,660
Professional Services	-	132
Regulatory Fees	1,107	982
Transportation and Conference	14,185	18,663
Insurance	11,148	13,769
Contracted Services	77,183	23,766
Total Administration	<u>178,196</u>	<u>127,694</u>
Customer Service		
Wages and Salaries	24,313	28,811
Supplies	378	2,509
Equipment Rental	6,434	7,985
Contracted Services	133	4,123
Total Customer Service	<u>31,258</u>	<u>43,428</u>
Total Operating Expenses	<u>\$ 1,296,987</u>	<u>\$ 1,354,457</u>

See independent auditor's report



City of Frankenmuth  
Water Enterprise Fund  
Operating Statistics  
For the Year Ended June 30, 2007  
With Comparative Totals For the Year Ended June 30, 2006

	<u>Residential</u>	<u>Commercial Industrial</u>	<u>Municipal</u>	<u>Totals 2007</u>	<u>2006</u>
Average Number of Meters in Service	2,229	469	20	2,718	2,693
Water Utility					
Gallons Sold	123,465,000	182,474,000	8,137,000	314,076,000	334,922,000
Revenue From Sales	\$ 648,830	\$ 603,304	\$ 27,892	\$ 1,280,026	\$ 1,388,570

See independent auditor's report.

CITY OF FRANKENMUTH  
EQUIPMENT INTERNAL SERVICE FUND

City of Frankenmuth  
Equipment Internal Service Fund  
Statements of Net Assets  
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash	\$ 224,218	\$ 223,207
Due from other funds	107,867	114,164
Other receivables	512	-
Inventory, supplies	3,952	1,685
Prepaid Expenses	9,987	11,969
Total Current Assets	<u>346,536</u>	<u>351,025</u>
Property and Equipment	1,832,150	1,756,664
Less: Accumulated depreciation	<u>(1,151,477)</u>	<u>(1,107,803)</u>
Net Property and Equipment	<u>680,673</u>	<u>648,861</u>
Total Assets	<u>\$ 1,027,209</u>	<u>\$ 999,886</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts Payable	\$ 8,724	\$ 9,472
Due to other funds	975	1,128
Total Current Liabilities	<u>9,699</u>	<u>10,600</u>
Net Assets		
Investment in capital assets-		
Net of related debt	680,673	648,861
Unrestricted	336,837	340,425
Total Net Assets	<u>1,017,510</u>	<u>989,286</u>
Total Liabilities and Net Assets	<u>\$ 1,027,209</u>	<u>\$ 999,886</u>

See independent auditor's report.

City of Frankenmuth  
Equipment Internal Service Fund  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Billing to Departments	\$ 369,519	\$ 379,215
Total Operating Revenues	<u>369,519</u>	<u>379,215</u>
Operating Expenses		
Motor Vehicle Maintenance		
Salaries and Wages	63,927	76,867
Benefits	22,433	20,936
Tools and Supplies	6,759	6,731
Gasoline and Oil	45,389	46,303
Repairs and Maintenance	82,616	76,305
Transportation	-	129
Depreciation	107,790	118,637
Total Motor Vehicle Maintenance Expense	<u>328,914</u>	<u>345,908</u>
Administration Expense		
Administration, general	20,000	18,000
Fleet Insurance	18,060	19,738
Total Administration Expense	<u>38,060</u>	<u>37,738</u>
Total Operating Expense	<u>366,974</u>	<u>383,646</u>
Operating Income	<u>2,545</u>	<u>(4,431)</u>
Non-Operating Revenues		
Interest	7,727	4,067
Sale of Fixed Assets	12,181	10,605
DPW Fringe Recovery	5,771	5,257
Total Non-Operating Revenue	<u>25,679</u>	<u>19,929</u>
Increase (decrease) in Net Assets	28,224	15,498
Net Assets, Beginning	989,286	973,788
Net Assets, Ending	<u>\$ 1,017,510</u>	<u>\$ 989,286</u>

City of Frankenmuth  
Schedule of Indebtedness  
June 30, 2007

**Governmental Activities**  
**General Obligation Bonds**

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	1-Apr	Total Fiscal Year Requirement
1997 GF Streetscape	8/1/1997	1,200,000					
2007-08			4.80	\$ 60,000	\$ 20,105	\$ 18,665	\$ 98,770
2008-09			4.90	65,000	18,665	17,072	100,737
2009-10			5.00	65,000	17,073	15,447	97,520
2010-11			5.10	70,000	15,448	13,663	99,111
2011-12			5.15	75,000	13,662	11,731	100,393
2012-13			5.20	80,000	11,731	9,651	101,382
2013-14			5.25	85,000	9,651	7,420	102,071
2014-15			5.30	90,000	7,420	5,035	102,455
2015-16			5.30	95,000	5,035	2,517	102,552
2016-17			5.30	95,000	2,518	-	97,518
Paid from General Fund Phase I				\$ 780,000	\$ 121,308	\$ 101,201	\$ 1,002,509

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment 1-Sep	1-Mar	Total Fiscal Year Requirement
1999 G.O. Major Street W. Tuscola	8/9/1999	332,000	5.12				
2007-08				\$ 25,000	\$ 4,263	\$ 3,657	\$ 32,920
2008-09				25,000	3,658	3,045	31,703
2009-10				20,000	3,045	2,545	25,590
2010-11				20,000	2,545	2,040	24,585
2011-12				20,000	2,040	1,530	23,570
2012-13				20,000	1,530	1,020	22,550
2013-14				20,000	1,020	510	21,530
2014-15				20,000	510	-	20,510
				\$ 170,000	\$ 18,611	\$ 14,347	\$ 202,958

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Mar	Semiannual Interest Payment 1-Sep	1-Mar	Total Fiscal Year Requirement
1999 Michigan Transportation Fund	10/27/1999	380,000	5.27				
2007-08				\$ 30,000	\$ 4,913	\$ 4,912	\$ 39,825
2008-09				30,000	4,162	4,163	38,325
2009-10				30,000	3,413	3,412	36,825
2010-11				35,000	2,647	2,648	40,295
2011-12				35,000	1,738	1,737	38,475
2012-13				30,000	810	810	31,620
				\$ 190,000	\$ 17,683	\$ 17,682	\$ 225,365

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2007

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal 1-May</u>	<u>Semiannual Interest Payment 1-Nov</u>	<u>1-May</u>	<u>Total Fiscal Year Requirement</u>
2000 G.O. DDA North Main	5/1/2000	940,000	5.60				
2007-08				\$ 40,000	\$ 3,710	\$ 3,710	\$ 47,420
2008-09				50,000	2,650	2,650	55,300
2009-10				50,000	1,325	1,325	52,650
Paid from DDA Fund				<u>\$ 140,000</u>	<u>\$ 7,685</u>	<u>\$ 7,685</u>	<u>\$ 155,370</u>

Partially refunded in the 2006 fiscal year.

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal 1-May</u>	<u>Semiannual Interest Payment 1-Nov</u>	<u>1-May</u>	<u>Total Fiscal Year Requirement</u>
2001 DDA Phase 3	6/19/2001	1,300,000	4.50				
2007-08				\$ 50,000	\$ 4,895	\$ 4,895	\$ 59,790
2008-09				50,000	3,783	3,783	57,566
2009-10				55,000	2,670	2,670	60,340
2010-11				65,000	1,446	1,446	67,892
Paid from DDA Fund				<u>\$ 220,000</u>	<u>\$ 12,794</u>	<u>\$ 12,794</u>	<u>\$ 245,588</u>

Partially refunded in the 2006 fiscal year.

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Semiannual Principal 1-Sep 1-Mar</u>	<u>Semiannual Interest Payment 1-Sep</u>	<u>1-Mar</u>	<u>Total Fiscal Year Requirement</u>
EDC Technology Park Land	9/1/2002	164,900	4.60				
2007-08				\$ 25,116	\$ 1,495	\$ 1,209	\$ 27,820
2008-09				26,285	917	618	27,820
2009-10				13,597	313	-	13,910
				<u>\$ 64,998</u>	<u>\$ 2,725</u>	<u>\$ 1,827</u>	<u>\$ 69,550</u>

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Semiannual Principal 1-Sep 18-Apr</u>	<u>Semiannual Interest Payment 18-Oct</u>	<u>18-Apr</u>	<u>Total Fiscal Year Requirement</u>
Harvey Kern Pavilion	10/18/2004	1,050,000	3.76				
2007-08				\$ 146,721	\$ 13,464	\$ 12,078	\$ 172,263
2008-09				152,219	10,866	9,178	172,263
2009-10				158,472	7,559	6,232	172,263
2010-11				164,343	4,745	3,175	172,263
2011-12				84,417	1,611	-	86,028
				<u>\$ 706,172</u>	<u>\$ 38,245</u>	<u>\$ 30,663</u>	<u>\$ 775,080</u>

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2007

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-May	Semiannual Interest Payment 1-Nov	1-May	Total Fiscal Year Requirement
2005 Downtown Development Refunding	8/11/2005	3,260,000	2.75- 4.125				
2007-08				\$ 160,000	\$ 67,056	\$ 67,056	\$ 294,112
2008-09				165,000	64,256	64,256	293,512
2009-10				170,000	60,956	60,956	291,912
2010-11				220,000	57,769	57,769	335,538
2011-12				290,000	53,369	53,369	396,738
2012-13				310,000	47,569	47,569	405,138
2013-14				315,000	40,594	40,594	396,188
2014-15				325,000	33,506	33,506	392,012
2015-16				335,000	26,194	26,194	387,388
2016-17				340,000	19,913	19,913	379,826
2017-18				170,000	12,263	12,263	194,526
2018-19				170,000	8,863	8,863	187,726
2019-20				170,000	5,463	5,463	180,926
2020-21				100,000	2,063	2,063	104,126
				<u>\$ 3,240,000</u>	<u>\$ 499,834</u>	<u>\$ 499,834</u>	<u>\$ 4,239,668</u>

**Business-type Activities**  
**General Obligation Bonds**

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	1-Apr	Total Fiscal Year Requirement
2001 Waste Treatment Enterprise Fund W. Tuscola/ Georgetown	6/19/2001	300,000	5.07				
2007-08				\$ 20,000	\$ 4,944	\$ 4,494	\$ 29,438
2008-09				20,000	4,493	4,043	28,536
2009-10				20,000	4,042	3,594	27,636
2010-11				20,000	3,593	3,143	26,736
2011-12				25,000	3,144	2,581	30,725
2012-13				25,000	2,581	2,000	29,581
2013-14				25,000	2,000	1,375	28,375
2014-15				25,000	1,375	750	27,125
2015-16				30,000	750	-	30,750
				<u>\$ 210,000</u>	<u>\$ 26,922</u>	<u>\$ 21,980</u>	<u>\$ 258,902</u>

See independent auditor's report.

City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2007

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-May	Semiannual Interest Payment 1-Nov	1-May	Total Fiscal Year Requirement
2004 Waste Treatment Plant Expansion,	2/18/2004	1,120,000					
2007-08			2.25	\$ 135,000	\$ 16,519	\$ 16,519	\$ 168,038
2008-09			5.00	140,000	15,000	15,000	170,000
2009-10			5.00	145,000	11,500	11,500	168,000
2010-11			5.00	155,000	7,875	7,875	170,750
2011-12			5.00	160,000	4,000	4,000	168,000
				<u>\$ 735,000</u>	<u>\$ 54,894</u>	<u>\$ 54,894</u>	<u>\$ 844,788</u>
	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Jan	Semiannual Interest Payment 1-Jul	1-Jan	Total Fiscal Year Requirement
1997 Water Improvement	5/20/1997	940,000					
2007-08			5.30	\$ 45,000	\$ 16,985	\$ 16,985	\$ 78,970
2008-09			5.30	50,000	15,793	15,792	81,585
2009-10			5.40	50,000	14,468	14,467	78,935
2010-11			5.40	55,000	13,118	13,117	81,235
2011-12			5.50	60,000	11,633	11,632	83,265
2012-13			5.50	65,000	9,983	9,982	84,965
2013-14			5.60	70,000	8,195	8,195	86,390
2014-15			5.60	70,000	6,235	6,235	82,470
2015-16			5.70	75,000	4,275	4,275	83,550
2016-17			5.70	75,000	2,138	2,137	79,275
				<u>\$ 615,000</u>	<u>\$ 102,823</u>	<u>\$ 102,817</u>	<u>\$ 820,640</u>
	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Jun	Semiannual Interest Payment 1-Dec	1-Jun	Total Fiscal Year Requirement
2001 Waste Treatment / Water Fund Enterprise Fund Saginaw County DPW Bond	10/16/2001	1,660,000	4.24				
2007-08				\$ 110,000	\$ 24,423	\$ 24,422	\$ 158,845
2008-09				115,000	22,415	22,415	159,830
2009-10				120,000	20,258	20,259	160,517
2010-11				125,000	17,949	17,948	160,897
2011-12				130,000	15,448	15,449	160,897
2012-13				135,000	12,816	12,816	160,632
2013-14				145,000	9,981	9,981	164,962
2014-15				150,000	6,864	6,863	163,727
2015-16				155,000	3,526	3,526	162,052
				<u>\$ 1,185,000</u>	<u>\$ 133,680</u>	<u>\$ 133,679</u>	<u>\$ 1,452,359</u>

See independent auditor's report.



City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2007

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Apr	Semiannual Interest Payment 1-Oct	1-Apr	Total Fiscal Year Requirement
1999 G.O. SRF WTP	4/1/1998	6,645,000	2.25				
2007-08				\$ 320,000	\$ 48,769	\$ 48,769	\$ 417,538
2008-09				325,000	45,169	45,169	415,338
2009-10				335,000	41,513	41,513	418,026
2010-11				340,000	37,744	37,744	415,488
2011-12				350,000	33,919	33,919	417,838
2012-13				355,000	29,981	29,981	414,962
2013-14				365,000	25,988	25,988	416,976
2014-15				370,000	21,881	21,881	413,762
2015-16				380,000	17,719	17,719	415,438
2016-17				390,000	13,444	13,444	416,888
2017-18				400,000	9,056	9,056	418,112
2018-19				405,000	4,556	4,556	414,112
				<u>\$ 4,335,000</u>	<u>\$ 329,739</u>	<u>\$ 329,739</u>	<u>\$ 4,994,478</u>

**Business-type Activities**  
**Special Assessment Bonds**

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	1-Apr	Total Fiscal Year Requirement
2002 S.A. East Tuscola Area	4/22/2002	1,225,000	4.38				
2007-08				\$ 90,000	\$ 18,480	\$ 16,680	\$ 125,160
2008-09				85,000	16,680	14,980	116,660
2009-10				90,000	14,980	13,180	118,160
2010-11				85,000	13,180	11,438	109,618
2011-12				90,000	11,437	9,570	111,007
2012-13				85,000	9,570	7,785	102,355
2013-14				90,000	7,785	5,850	103,635
2014-15				85,000	5,850	3,980	94,830
2015-16				90,000	3,980	1,955	95,935
2016-17				85,000	1,955	-	86,955
				<u>\$ 875,000</u>	<u>\$ 103,897</u>	<u>\$ 85,418</u>	<u>\$ 1,064,315</u>

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City of Frankenmuth  
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**Governmental Activities**  
**Special Assessment Bonds**

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	1-Apr	Total Fiscal Year Requirement
2001 DDA Phase 3/Georgetown	6/19/2001	750,000	5.07				
2007-08				\$ 45,000	\$ 12,956	\$ 11,944	\$ 69,900
2008-09				45,000	11,943	10,931	67,874
2009-10				45,000	10,931	9,919	65,850
2010-11				40,000	9,918	9,019	58,937
2011-12				45,000	9,018	8,006	62,024
2012-13				45,000	8,006	6,960	59,966
2013-14				45,000	6,960	5,835	57,795
2014-15				40,000	5,835	4,835	50,670
2015-16				45,000	4,835	3,710	53,545
2016-17				15,000	3,710	3,313	22,023
2017-18				15,000	3,312	2,915	21,227
2018-19				15,000	2,915	2,518	20,433
2019-20				15,000	2,517	2,120	19,637
2020-21				15,000	2,120	1,723	18,843
2021-22				15,000	1,722	1,325	18,047
2022-23				15,000	1,325	928	17,253
2023-24				15,000	927	530	16,457
2024-25				10,000	530	265	10,795
2025-26				10,000	265	-	10,265
				<u>\$ 535,000</u>	<u>\$ 99,745</u>	<u>\$ 86,796</u>	<u>\$ 721,541</u>
	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Oct	Semiannual Interest Payment 1-Oct	1-Apr	Total Fiscal Year Requirement
1997 S.A. DDA Phase I	8/1/1997	1,415,000					
2007-08			4.80	\$ 55,000	\$ 22,825	\$ 21,505	\$ 99,330
2008-09			4.90	60,000	21,505	20,035	101,540
2009-10			5.00	60,000	20,035	18,535	98,570
2010-11			5.10	60,000	18,535	17,005	95,540
2011-12			5.15	60,000	17,005	15,460	92,465
2012-13			5.20	55,000	15,460	14,030	84,490
2013-14			5.25	60,000	14,030	12,455	86,485
2014-15			5.30	60,000	12,455	10,865	83,320
2015-16			5.30	60,000	10,865	9,275	80,140
2016-17			5.30	55,000	9,275	7,818	72,093
2017-18			5.30	60,000	7,817	6,227	74,044
2018-19			5.30	60,000	6,228	4,637	70,865
2019-20			5.30	60,000	4,638	3,047	67,685
2020-21			5.30	60,000	3,048	1,457	64,505
2021-22			5.30	55,000	1,458	-	56,458
				<u>\$ 880,000</u>	<u>\$ 185,179</u>	<u>\$ 162,351</u>	<u>\$ 1,227,530</u>

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City of Frankenmuth  
Schedule of Indebtedness (continued)  
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	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Nov	Semiannual Interest Payment		Total Fiscal Year Requirement
1988 Homestead Village	9/29/1988	295,000			1-Nov	1-May	
2007-08			7.70	\$ 15,000	\$ 1,348	\$ 770	\$ 17,118
2008-09			7.70	20,000	770	-	20,770
				<u>\$ 35,000</u>	<u>\$ 2,118</u>	<u>\$ 770</u>	<u>\$ 37,888</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment		Total Fiscal Year Requirement
1999 S.A. Major Street West Tuscola	8/9/1999	332,000	5.13		1-Sep	1-Mar	
2007-08				\$ 25,000	\$ 4,264	\$ 3,658	\$ 32,922
2008-09				25,000	3,657	3,045	31,702
2009-10				20,000	3,045	2,545	25,590
2010-11				20,000	2,545	2,040	24,585
2011-12				20,000	2,040	1,530	23,570
2012-13				20,000	1,530	1,020	22,550
2013-14				20,000	1,020	510	21,530
2014-15				20,000	510	-	20,510
				<u>\$ 170,000</u>	<u>\$ 18,611</u>	<u>\$ 14,348</u>	<u>\$ 202,959</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment		Total Fiscal Year Requirement
1999 S.A. DDA North Main Overhead Wires	12/29/1999	380,000	5.90		1-Sep	1-Mar	
2007-08				\$ 15,000	\$ 8,341	\$ 7,958	\$ 31,299
2008-09				15,000	7,957	7,563	30,520
2009-10				15,000	7,564	7,170	29,734
2010-11				15,000	7,170	6,773	28,943
2011-12				15,000	6,772	6,367	28,139
2012-13				15,000	6,368	5,955	27,323
2013-14				15,000	5,955	5,535	26,490
2014-15				15,000	5,535	5,107	25,642
2015-16				15,000	5,108	4,673	24,781
2016-17				15,000	4,672	4,230	23,902
2017-18				15,000	4,230	3,780	23,010
2018-19				15,000	3,780	3,330	22,110
2019-20				15,000	3,330	2,880	21,210
2020-21				15,000	2,880	2,430	20,310
2021-22				20,000	2,430	1,830	24,260
2022-23				20,000	1,830	1,220	23,050
2023-24				20,000	1,220	610	21,830
2024-25				20,000	610	-	20,610
				<u>\$ 290,000</u>	<u>\$ 85,752</u>	<u>\$ 77,411</u>	<u>\$ 453,163</u>

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City of Frankenmuth  
Schedule of Indebtedness (continued)  
June 30, 2007

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Sep	Semiannual Interest Payment 1-Sep	1-Mar	Total Fiscal Year Requirement
1999 S.A. DDA North Main Streetscape	6/22/2000	295,000	5.95				
2007-08				\$ 10,000	\$ 6,377	\$ 6,102	\$ 22,479
2008-09				15,000	6,103	5,690	26,793
2009-10				10,000	5,690	5,415	21,105
2010-11				15,000	5,415	5,003	25,418
2011-12				10,000	5,002	4,727	19,729
2012-13				10,000	4,728	4,448	19,176
2013-14				15,000	4,447	4,020	23,467
2014-15				10,000	4,020	3,730	17,750
2015-16				15,000	3,730	3,291	22,021
2016-17				10,000	3,291	2,996	16,287
2017-18				15,000	2,996	2,550	20,546
2018-19				10,000	2,550	2,250	14,800
2019-20				15,000	2,250	1,800	19,050
2020-21				10,000	1,800	1,500	13,300
2021-22				15,000	1,500	1,050	17,550
2022-23				10,000	1,050	750	11,800
2023-24				15,000	750	300	16,050
2024-25				10,000	300	-	10,300
				<u>\$ 220,000</u>	<u>\$ 61,999</u>	<u>\$ 55,622</u>	<u>\$ 337,621</u>
	Date of Issue	Amount of Issue	Interest Rate	Annual Principal 1-Apr	Semiannual Interest Payment 1-Oct	1-Apr	Total Fiscal Year Requirement
2004 GO Weiss Street	2/11/2004	1,800,000	4.24				
2007-08				\$ 60,000	\$ 32,880	\$ 32,880	\$ 125,760
2008-09				60,000	32,175	32,175	124,350
2009-10				60,000	31,380	31,380	122,760
2010-11				65,000	30,510	30,510	126,020
2011-12				70,000	29,470	29,470	128,940
2012-13				75,000	28,280	28,280	131,560
2013-14				80,000	26,930	26,930	133,860
2014-15				85,000	25,410	25,410	135,820
2015-16				90,000	23,731	23,731	137,462
2016-17				100,000	21,909	21,909	143,818
2017-18				110,000	19,809	19,809	149,618
2018-19				115,000	17,471	17,471	149,942
2019-20				120,000	14,970	14,970	149,940
2020-21				125,000	12,300	12,300	149,600
2021-22				130,000	9,487	9,488	148,975
2022-23				135,000	6,498	6,497	147,995
2023-24				140,000	3,325	3,325	146,650
				<u>\$ 1,620,000</u>	<u>\$ 366,535</u>	<u>\$ 366,535</u>	<u>\$ 2,353,070</u>

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City of Frankenmuth  
Schedule of Indebtedness (continued)  
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	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal 1-Sep</u>	<u>Semiannual Interest Payment 1-Sep</u>	<u>1-Mar</u>	<u>Total Fiscal Year Requirement</u>
2001 S.A. DDA Snowmelt	9/1/2001	490,000	4.29				
2007-08				\$ 25,000	\$ 7,836	\$ 7,399	\$ 40,235
2008-09				35,000	7,399	6,760	49,159
2009-10				40,000	6,760	6,000	52,760
2010-11				40,000	6,000	5,200	51,200
2011-12				40,000	5,200	4,390	49,590
2012-13				40,000	4,390	3,560	47,950
2013-14				40,000	3,560	2,700	46,260
2014-15				40,000	2,700	1,820	44,520
2015-16				40,000	1,820	920	42,740
2016-17				40,000	920	-	40,920
				<u>\$ 380,000</u>	<u>\$ 46,585</u>	<u>\$ 38,749</u>	<u>\$ 465,334</u>
Totals				<u>\$ 17,596,170</u>	<u>\$ 2,337,364</u>	<u>\$ 2,217,142</u>	<u>\$ 22,150,676</u>

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